

ENTREPRENEURIAL CONFLUENCE: An Emerging Paradigm of Entrepreneurial Strategy

By

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DECLARATION

I declare that **Entrepreneurial Confluence: An Emerging Paradigm of Entrepreneurial Strategy** is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Alvin I.F. Chikamba

ABSTRACT

The entrepreneurial construct has many definitions, is still to be fully understood and lacks an updated and unifying framework. Relatively little research has been done on entrepreneurial strategy, despite it being distinct and important. Often, the focus has been on whom the entrepreneur is and not what he does, which is critical. While one of the objectives of an entrepreneurial firm is growth, the enigma of growth and its relationship to entrepreneurship is relatively new. The researcher answers the question as to whether there is something in the make-up of today's entrepreneurial organisation that can promote or limit its growth, depending on how well it is managed.

Entrepreneurial Confluence impacts positively on the creation and growth of enduring value within entrepreneurial firms. In today's hyper-competitive, globalised business landscape, entrepreneurial strategy is defined at the confluence of the continuous identification of new, risk-adjusted opportunities and formulation of concomitant plans (ENTERPRISE), the adaptation and transformation of the firm's environments, ideas and business models to viable products or services (EVOLUTION), and the discipline to get new things done to deliver results against the strategy (EXECUTION). 'Entrepreneurs at the confluence' grow value through innovation.

An exploratory, mixed research methodology was used to create a generalisable paradigm of the creation and growth of firms. A new, self-tailored, pilot-tested, valid and reliable multi-dimensional 80 item questionnaire Entrepreneurial Confluence Measuring Instrument (ECMI) was administered to a purposive sample of 41 founders/CEOs of entrepreneurial, high-growth firms listed on the Johannesburg Stock Exchange, including four from other African countries. The outcome is a dynamic and innovative 3 x 3 entrepreneurial growth strategy matrix which re-defines entrepreneurial strategy and has practical applications for both entrepreneurs and corporate managers in delivering enduring growth.

Limitations were that the sample was purposively selected, and that the respondents are leaders of large public-listed South African firms who fit a demographic group. A random, more diverse sample, including younger and small and medium enterprises (SMEs), across other geographies might deliver different results. However, given that these large businesses

were once SMEs, this research gives insight into what can reduce start-up mortality and enable firms to grow sustainably over time. Future research might look at the impact of entrepreneurial leadership talent on an enterprise's growth, the connection between entrepreneurial strategy and economic value creation and enhancing the rigour of the ECMI.

KEY TERMS

Entrepreneurial Confluence, entrepreneurial strategy, entrepreneur, innovation, growth, value.

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Lastly, this body of work is a tribute to all the relatively ill-understood entrepreneurs who start and grow high impact organisations that create jobs, contribute to economic growth, enhance societal wellbeing, and deliver enduring value and success for stakeholders.

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DEFINITION OF TERMS AND CONCEPTS

The Oxford Dictionary of the Business World (1993) provides the following definitions for certain keywords:

Confluence (n) – the junction of two or more rivers

Diffluence (n) - The action or fact of flowing apart

Entrepreneur (n) – capitalist, person who supplies goods or a service to the market for profit

Entrepreneurship (n) – free or private enterprise

Entrepreneurial (a) – commercial, profit-making

Enterprise (n) – venture, endeavour, challenging undertaking

Enterprising (a) – inventive, creative, ready to engage

Execution (n) – implementation, carrying out, effecting, dexterity, or skill in performing

Execute (v) – perform, carry out

Executive (a) – decision-making, having the power to put plans and actions into effect

Evolution (n) – development, growth, development from earlier simpler forms (not by special creation), change in disposition

Evolve (v) – develop gradually and naturally, change, grow

Evolutionary (a) – evolving

Grow (v) – develop by increasing in size and changing

Innovation (n) – novelty, originality

Innovate (v) – bring in new methods, make changes

Strategy (n) – a plan to achieve a specific long-term objective

Value (n) – worth, significance

INTERPRETATIONS

In this thesis, unless clearly inconsistent with, or otherwise indicated by, the context:

- Any reference to the singular includes the plural, and vice versa
- Any reference to a gender includes the other gender
- Any reference to entrepreneurial confluence, entrepreneurship confluence and entrepreneurship at the confluence includes the others.

LIST OF ACRONYMS

The various acronyms and abbreviations used in this thesis are explained below:

A - Alignment

AF - Adaptability & Flexibility

BoD - Board of Directors

BSC - Balanced Scorecard

CE - Corporate Entrepreneurship

CEO - Chief Executive Officer

EC - Entrepreneurial Confluence

ECC - Entrepreneurial Confluence Continuum

ECMI - Entrepreneurial Confluence Measuring Instrument

ECP - Entrepreneurial Confluence Profile

ECSM - Entrepreneurial Confluence Strategy Matrix

ECT - Entrepreneurial Confluence Typology

ED - Entrepreneurial Difffluence

EFA - Exploratory Factor Analysis

EK - Environmental Knowledge

En - Enterprise

EO - Entrepreneurial Orientation

EPS - Earnings per Share

ES - Entrepreneurial Strategy

ESM - Entrepreneurial Strategy Making

Ev - Evolution

EVA - Economic Value Added

Ex - Execution

EY - Ernst & Young

FDI - Foreign Direct Investment

FM - Financial Mail

FO - Future Orientation

G - Growth

GC - Game Changing

GDP - Gross Domestic Product

GEM - Global Entrepreneurship Monitor

GNI - Gross National Income

IE - International Entrepreneurship

IRR - Internal Rate of Return

IT - Internal Transformation

JSE - Johannesburg Stock Exchange

K-S - Kolmogorov-Smirnov

L - Learning

MD – Managing Director

OS - Opportunity Seeking

RBV - Resource Based View

RM - Risk Management

RMM - Resource Mobilisation & Management

RT - Risk Taking

ROE - Return on Equity

SE – Strategic Entrepreneurship

SF - Sampling Frame

SFP - Sampling Frame Pilot

SIM - Strategic Issue Management

SIP - Strategic Inflection Point

SME - Subject Matter Expert

SMEs - Small and Medium Enterprises

SPSS - Statistical Package for the Social Sciences

S - Structure

CHAPTER ONE

BACKGROUND AND CONTEXTUALISATION

1.1 PREAMBLE

The focus of this research on entrepreneurship is within the relatively under-researched realm of entrepreneurial strategy. Entrepreneurship is traditionally viewed as a phenomenon of small or new business ventures only. However, it is becoming a feature of established firms as well (Johnson, 2001), where entrepreneurial innovation can lead to the creation and growth of significant value for stakeholders. Entrepreneurial strategy (ES) is of significance to start-ups and older enterprises alike (Kraus & Kauranen, 2009).

From the literature review of the 439 diverse, mostly peer-reviewed and academically-accredited reference sources used by the researcher on the construct, entrepreneurial behaviour provides the impetus for business growth. Business leaders faced with global competition, slow recessionary growth, customer empowerment and product commoditisation see entrepreneurialism and innovation as the key to sustainable competitive advantage and value creation. Policy-makers also see entrepreneurship as a possible cure for the growing unemployment ills in most countries, albeit with limited ideas as to the how.

Despite resurgent interest in the theme, the entrepreneurial construct has many definitions, is still to be fully understood and lacks a unifying and current theme. Research on entrepreneurship has often fixated on the entrepreneur, not what he does. While one of the objectives of an entrepreneurial firm is growth, the relationship between sustained growth and entrepreneurship is still a puzzle (Schramm, 2008). Entrepreneurship relates to how a business grows and not only the starting of businesses (Shane, 2007), and consequently this thesis considers the following research question:

What is in the make-up ('insides') of today's entrepreneurial organisation that can promote its growth or limit it if it were not well managed?

Given the impact of globalisation, hyper-competition, change pervasiveness, technology advances, corporate governance regulations and the ascendance of knowledge as a key

resource, the concept of entrepreneurship deserves an updated framework that is cognisant of the imperatives of today's ever-shifting business landscape. A new model that takes the best of individual entrepreneurs, as well as leading edge corporate strategic management principles, is needed to explore their links to business growth. The rationale behind the research is to investigate whether the proposed paradigm of Entrepreneurial Confluence (EC) adds to the available knowledge base on entrepreneurial strategy, here defined as the creation and growth of organisations.

In today's hyper-competitive, globalised business landscape, the reasoning behind the research, furthermore, is to explore whether entrepreneurial strategy resides at the confluence of the continuous identification of new, risk-adjusted opportunities and formulation of concomitant plans (ENTERPRISE), the adaptation and transformation of the firm's environments, ideas and business models to viable products or services (EVOLUTION), and the discipline to get new things done, or make things happen in order to deliver results against the strategy (EXECUTION), and therefore whether successful entrepreneurs at the confluence grow value through innovation.

The researcher accordingly introduces a new concept of Entrepreneurship Confluence into the strategy lexicon within this emerging paradigm. This thesis reviews the critical and integrated processes that should drive entrepreneurship, innovation and the process of growth and value creation inside organisations today.

The researcher examines the building blocks of entrepreneurial strategy to explore how entrepreneurship can be defined and deepened on a sustainable basis through the application of a research methodology that is exploratory, fully-mixed, sequential, predominantly qualitative and inductive, in order to infer a generalisable paradigm of entrepreneurial strategy - Entrepreneurial Confluence. In addition, a new pilot-tested, multi-dimensional, valid and reliable survey-based research instrument is developed, the Entrepreneurship Confluence Measuring Instrument (ECMI). The information provided through the application of the ECMI is intended to form the foundation for the new growth strategy matrix – the Entrepreneurial Confluence Matrix.

The research explores whether Entrepreneurial Confluence is inside entrepreneurial and high-growth firms and can promote or constrain growth, depending on whether and how well it is

managed, through a concentration on some of the most entrepreneurial, innovative and value-accretive South African firms and from the rest of Africa as well. Such large entities were once start-ups and small and medium enterprises (SMEs), but have since grown successfully beyond this lifecycle stage. The intention is to deepen understanding of the entrepreneurial strategy construct, and how it leads to the creation of globally-competitive and viable business models through a new paradigm that will add value to existing research available to academia, and have practical application for today's African executives.

The next part, Section 1.2, explains how the researcher came to study the construct of entrepreneurial strategy and its relationship to the start-up and growth of firms.

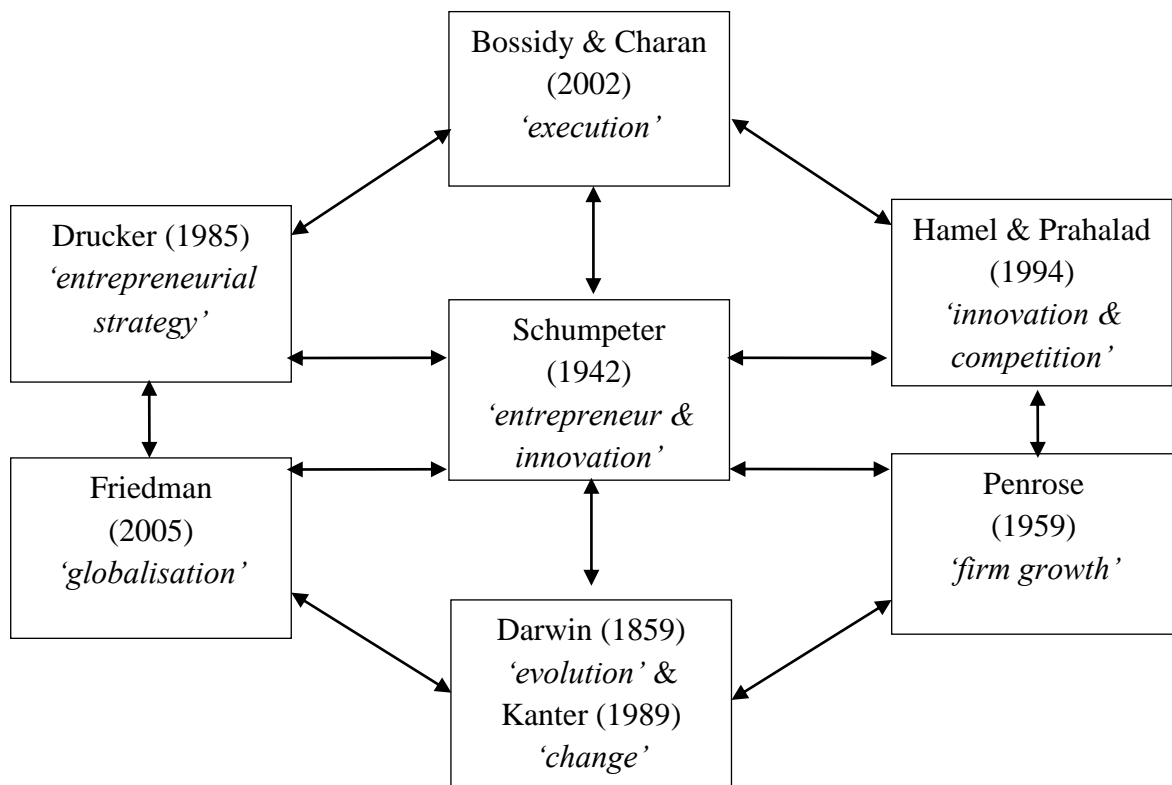
1.2 SELECTION OF A THEME FOR DOCTORAL RESEARCH

1.2.1 Academic Influences

The primary article for the purposes of the Doctor of Business Leadership (DBL) degree study was ‘Entrepreneurial Strategies’ (Drucker, 1985a). As this article consisted of two chapters from the book ‘Innovation and Entrepreneurship’ (Drucker, 1985b), reading to identify a theme to be selected was of necessity extended to this book to better grasp the entrepreneurship construct and its relationship to innovation and growth. Drucker’s influence on this research is reflected in Figure 1.1 below.

Contemporary readings on strategy-making in a world of globalisation, technology diffusion and rapid change also informed the researcher’s choice of topic. A key question was which themes are of interest to today’s business leader (Miller & Vaughan, 2001), and what impact on entrepreneurial strategy these would have. The researcher has been particularly inspired by the icons indicated in Figure 1.1 below (themes are in *italics*):

Figure 1.1: Academic Influences



Source: Researcher (2016)

In an increasingly globalised business environment (Friedman, 2005), in which fast-paced change (Kanter, 1989) and increasing competition (Porter, 1980) require the ability to innovate (Hamel & Prahalad, 1994), in order to ensure firm growth (Penrose, 1959). The innovative entrepreneur (Schumpeter, 1942) requires an effective entrepreneurial strategy (Drucker, 1985). In this research, the author seeks to introduce a new paradigm to the entrepreneurial strategy field which Drucker (1985a) conceded as under-researched, that of Entrepreneurial Confluence, based on the belief that the Penrose (1959) view on the growth of an entrepreneurial firm depends not just on enterprise as understood from years of entrepreneurship research but also on the ability to execute (Bossidy & Charan, 2002) and the Darwinian ability to evolve (Darwin 1859) in its most famous form as natural selection or survival of the fittest.

Additional criteria below further informed the researcher's selection of a theme for further study.

1.2.2 Personal Interest

A personal interest and experience in the phenomenon of entrepreneurship and its link with innovation further informed the selection of a research theme. The impact of Schumpeter's views on entrepreneurship and innovation as shown in Figure 1.1 above is important. There is a need for more empirical research on entrepreneurs, and the many different forms of entrepreneurial activities that exist (Schumpeter, 1947).

Kanter, Ingols, Morgan and Seggerman (1987) asked how established companies can get the entrepreneurial spirit that can provide a way to capture the benefits of new ideas. This is especially so at a time when Ohmae (1982) lamented that many corporate managers are no longer bold and entrepreneurial or have that urgency that is needed for success in competition. More than thirty years later, the situation is not very different.

The researcher's background as a financial practitioner and business leader has led to an interest in growth and how it can be created and sustained over a firm's lifecycle.

Entrepreneurship and innovation are popular topics these days. However, the mystery of sustained growth and its relationship to entrepreneurship (Schramm, 2008) and innovation is a new one.

1.2.3 Economic Growth

Entrepreneurship is frequently credited as a source of economic growth, employment creation and enhanced societal wellbeing. Entrepreneurial action in a country is one of the principal economic growth accelerators in a country (Smith, 2010). In the United States, which is the world's biggest economy, entrepreneurship is responsible for most of the new venture developments and job options (Lumpkin & Dess, 1996).

Where entrepreneurship and innovation have been enabled, economic growth has followed (Merrifield, 1993), with an increase in productivity being achieved as well (Lambooy, 2005). The capacity to innovate is one of the key features of successful SMEs. As around 90% of all the businesses in the world are SMEs who employ 60-80% of people in the private sector (Petkovska, 2015), the impact of entrepreneurship is profound.

Innovative new ventures and small businesses have risen as engines of competition and growth (Audretsch, 2007) and this energises the economies today (Bjerke, 2007). For example, the four Asian nations of Taiwan, Singapore, South Korea, and Hong Kong acknowledged innovation and entrepreneurship and now thus flourish economically. It appears that the structure of a society, a location, region, or country has a significant effect on that region's capacity to produce the entrepreneurs, innovators, and small ventures (Bjerke, 2007) that are crucial to economic development (Piketty, 2013) and to broad and inclusive growth.

1.2.4 Inclusive Growth and Job Creation in Africa

While Africa's economic growth has been relatively strong in the recent past, one of the biggest challenges is still ensuring that growth translates to sustainable job creation and reaches people through income from employment (Fine, Wamelen, Lund, Cabra, Taontiki, Dorr, Leke, Roxburgh, Schubert & Cook, 2012).

Africa in general, and South Africa within it, is engaged in robust debate as to how to generate perpetual economic growth that is inclusive of prosperity and job creation. Unemployment at 37% is South Africa's most pressing socio-economic problem, and yet small businesses in any economy are key to employment creation (Evans, 2011). Economic changes are the most important determining factors of the African Renaissance (Matthews,

2003), as there can be no practical change in the life of most without economic development (Evaldsson & Wessels, 2004).

However, the entrepreneurship-driven model of economic endeavour and growth (Stevenson & Jarillo, 1990) as promulgated by Joseph Schumpeter, is relatively absent from this discourse on a renascent and rising Africa (Beresford, 2016).

Entrepreneurship has important economic value in that, as has been discussed in Section 1.2.3 above, entrepreneurs innovate, create jobs, and enhance national productivity (Van Praag & Versloot, 2007). Additionally, it is the quickly-growing new businesses that are responsible for most of the employment and economic growth experienced in nations (Wong, Ho & Antio, 2005). Some research suggests that 15% of the highest-growing businesses create 94% of all new employment (Kraus & Kauranen, 2009).

Entrepreneurialism could be part of the cure for the continent's jobs deficit, albeit Alvarez and Barney (2014) contend that entrepreneurial activity does not, contrary to popular belief, always lead to economic growth.

A critical question is how Africa's recent economic progress can be deepened and broadened through entrepreneurship to achieve continent-wide sustainable growth and development (Van Niekerk, 2000).

1.2.5 Entrepreneurship in the African Context

Several issues exist regarding entrepreneurship in the African context. For example, a prevailing view is that entrepreneurship in Africa is a greater feature of generally small businesses rather than large organisations. Supporting this view, the magnitude of the informal economy, which some view as a parallel economy in Africa, is big and estimated to be about 42% of the official gross national income (GNI) in most African countries (Schneider, 2002).

Different reports have condemned the lack of enterprise and have partly attributed the comparatively small foreign direct investment (FDI) in Africa to a deficiency of entrepreneurial capacity (Van Niekerk, 2000), and an opinion that Africans do not particularly have the entrepreneurial talent to grow successful firms (Elkan, 1988).

However, a noteworthy research on African entrepreneurship has discovered, contrary to this belief, that several Africans have developed expansive organisations (Elkan, 1988). In fact, some of these large entrepreneurial firms are part of the sample of organisations studied in Chapters 3 and 4 below. There is thus little proof that Africans are deficient in entrepreneurial spirit (Elkan, 1988).

This is critical, given that Sub-Saharan Africa (SSA) is experiencing an entrepreneurial revolution that is re-establishing the region as an area of new opportunity, with more jobs and a significant improvement in gross domestic product (GDP) to above global average levels (Xavier, Kelly, Kew, Herrington & Vorderwalbercke, 2013).

Finally, given that Africa has a growing population of young people, tapping into their entrepreneurial and innovative capacity may have strong implications for the continent's growth (Ojeaga, 2015) and its place on the global stage.

1.2.6 Globalisation

Figure 1.1 above has hinted at how the globalization views of Friedman (2005) affected this study. It appears that the ability to compete globally in an innovative way is one of the critical attributes that will influence corporate performance (Morris, Kuratko, & Covin, 2008).

This is even more applicable to emerging economies which used to be closed off globally, but are now increasing their market orientation and expanding their economies to become major economic players on the world stage (Bruton, Ahlstrom & Obloj, 2008).

Entrepreneurship clearly also assumes a key part in national income growth in these developing economies (Ireland, Hitt and Sirmon, 2003) (Salgado-Baida, 2007) too, albeit little research has been performed on emerging market entrepreneurship (Bruton et al., 2008).

Be that as it may, Schramm (2008) adds that for countries anywhere to grow and benefit from globalisation, more citizens need to embrace the risk and reward of entrepreneurship.

1.2.6.1. Global Entrepreneurship Monitor

The Global Entrepreneurship Monitor (GEM) is arguably the world's most extensive study of entrepreneurship. The United States continues to rank as one of the most entrepreneurial and innovative nations globally (Acs & Szerb, 2012). In contrast, South Africa's entrepreneurship rankings continue to deteriorate (Xavier et al., 2013). Therefore, South Africa's National Planning Commission (2011) now seeks to develop an economy that will create more jobs and to grow the economy through investment in infrastructure, innovation, private investment, and entrepreneurialism.

The GEM report draws a firm link between innovativeness, firm performance, and country competitiveness by extension. An inference is that South African companies need to embrace entrepreneurship and innovation to become globally competitive.

1.2.7 Research Bias

Entrepreneurship research has generally been characterised by some biases.

1.2.7.1 Large Corporations

Research in entrepreneurship has primarily centred on large businesses, while neglecting smaller firms (Veenker, Van der Sijde, During & Nijhof, 2008), despite SMEs being generally accepted as a key part of the growth and employment mix (Petkovska, 2015).

The definition of small business differs by country and by sector. For example, the United States Small Business Act of 1958 characterises a small business as a for-profit, autonomously owned and run entity, which does not control its industry. Size is for the most part a function of the average annual revenue or by the number of employees, and is further defined using size guidelines for different sectors. In South Africa (1996), a business with less than R50 million of annual turnover and 200 employees is defined as small or medium in size.

1.2.7.2 American Bias

Another feature of entrepreneurship research is that the theories developed have a largely American bias (Veenker et al., 2008).

As Rugasira (2013) points out, very few African entrepreneurs document their experiences and consequently African enterprise remains largely unpublished and under-researched.

1.2.8 Entrepreneurship Policy

The role of government in promoting and enhancing entrepreneurship has also been considered. Osborne and Gaebler (1992) and Coffee (1996) elaborate on how entrepreneurial governments can enhance entrepreneurship. Governments have an important function in providing an enabling economic environment for entrepreneurial activity (Riquelme, 2013; Elkan, 1988). Griffiths (2008) also investigated the distinct role that government has on enabling innovation. This has important economic policy implications.

According to Schumpeter (1946), a society is called capitalist if its economic activity is driven largely by private business or entrepreneurs. Most governments are moving away from experiments with socialist ideology and shifting policy towards capitalism or a blend of these approaches. This capitalistic development trend is evident in Africa as well (Beresford, 2016). The entrepreneur is the central figure in the capitalist system. As numerous countries or regions are in different stages of recession and pedestrian growth, entrepreneurs are needed to propel forward the national and global economies (Stevenson & Jarillo, 1990).

1.2.9 Entrepreneurial Strategy

Based on the above, as well as an aspiration to close identified gaps in literature which are reviewed in Chapter 2, to make a meaningful input to the available knowledge, and provide reference points for today's entrepreneurial practitioners, the knowledge area of entrepreneurial strategy was chosen for further study. In this research, entrepreneurial strategy is described as both the creation of new organisations, as well as the growth through novel economic activity of existing businesses.

The issue of how and why firms perform differently, regardless of competitive rivalry, is an important point in the strategy sphere, with the explanation for these consistent differences indicating how competitive advantage can be achieved (Rumelt, Schendel & Teece, 1991), which advantage has become increasingly transient as McGrath (2013) points out.

This research therefore explores whether Entrepreneurial Confluence can create enduring advantage for firms, and explores the way entrepreneurial conduct improves an organisation's competitive position (Dess, Lumpkin & Covin, 1997) and translates this into enduring growth. Given the competitive difficulties confronted by firms of all sizes in today's globalised world, this is opportune (Dess et al., 1997).

Finally, there has been much written on strategic management, but little on entrepreneurial strategies, even though they are crucial, separate, and unique (Drucker, 1985a). A new paradigm of entrepreneurial strategy may yet provide the answer.

1.3 PROBLEM STATEMENT

While literature exists regarding entrepreneurship, nagging questions remain:

- What is the definition of an entrepreneur?
- What does it mean to be entrepreneurial in today's knowledge-based, fast-changing, globalised business landscape?
- How does the 'one-man band' legendary entrepreneur create major organisations from a start-up in his garage or selling products out of the boot of his car?

Entrepreneurship is regularly viewed as a small business or start-up occurrence, but increasingly it is being applied in large firms as well (Johnson, 2001). This is so, even amidst a belief that bigger businesses struggle to innovate (Drucker, 1985b) or, at the very least, tend to be less innovative over time (Leyden & Link, 2015), given the genuine challenge that the strategic management of entrepreneurial activities presents for corporate management (Burgelman, 1984).

- Many researchers associate growth with entrepreneurship, and vice versa (Davidsson, Delmar & Wiklund, 2006). But are they one and the same?

The research on innovation and entrepreneurship is disjointed, disintegrated and cumulative knowledge is not as much as its constituent parts (Markman, Balkin & Schjoedt, 2001). Additionally, many authors have complained about the absence of a unified definition of the entrepreneur (Ahwireng-Obeng, 2006).

The problem seems to be that the entrepreneurial construct has many definitions, is still to be fully understood and lacks a unifying framework that addresses the question of how entrepreneurial strategy can create growth.

1.4 RESEARCH QUESTION

In problem-solving, it is vital to start by formulating the research question in a way that facilitates the discovery of a solution (Ohmae, 1982). As most research studies have not yet explored the association between the entrepreneur and his internal organisation (Pettigrew, 1979), the modified Penrose (1959) growth question to be investigated by the research is:

What is in the ‘insides’ or make-up of today’s entrepreneurial organisation that can promote its growth or limit it if not well managed?

1.5 RESEARCH OBJECTIVES

Based on the research question, the research objectives are as follows:

- a) To evaluate the key constituents of entrepreneurial strategy as required in today’s business environment, thereby developing a distinct, integrated paradigm of entrepreneurship that addresses what is in the make-up of the entrepreneurial growth firm.
- b) To provide an updated paradigm of entrepreneurial strategy given the impact of globalisation and fast-paced change on growth, and to develop a practical entrepreneurial growth strategy tool. This tool, which represents a translation of the hypothesis to a basis for organisational action, will help reduce SME mortality if applied.

As more carefully expounded in Section 3.4 below, the hypothesis is that Entrepreneurial Confluence, the emerging paradigm of entrepreneurial strategy will be positively related to the creation and growth of enduring value within organisations.

1.6 RESEARCH METHODOLOGY

Guided by the academic thought influencers identified in Section 1.2.1, and the themes discussed in Chapter 1 thus far, a detailed literature review will be undertaken in Chapter 2 to comprehend better the construct of entrepreneurship in general, and determine the relevant

gaps in existing literature while extracting the specific dimensions that relate to a new paradigm of entrepreneurial strategy.

The methodology in Chapter 3 will define a hypothesis which reflects the qualitative question from Section 1.4 above and investigates whether the new paradigm of entrepreneurial strategy is what is inside an entrepreneurial growing firm and can constrain or enhance its growth, depending on whether or how well it is managed.

As qualitative methods are considered appropriate for exploring difficult societal phenomena such as entrepreneurship (Jabareen, 2009), a purposive sample of entrepreneurial high-growth firms will be selected in consideration of the scope further amplified in Section 1.7 below.

Hence, in Chapters 3 and 4, the entrepreneurial firm becomes the focal point of the study and the unit of analysis (Bryman, 2008), with the unit of observation being the founder, Chief Executive Officer (CEO) or Managing Director (MD), Chairman or other member of the executive leadership team. Data will be collected through a valid and reliable questionnaire, as may be available already for this purpose or will be created as necessary. A combination of Statistical Package for the Social Sciences (SPSS) derived, descriptive, inferential statistical analyses will be applied to find meaning from the data.

Key participants in the study will be the researcher, the study supervisor, survey respondents, technical and language editors, software service providers and subject matter experts as may be required. Ultimately, the researcher will follow an ethical research path typified by high moral and legal standards underpinned by fully-informed consent of respondents.

In summary, the researcher proposes to perform an exploratory, inductive study of the entrepreneurial strategy construct to assess what it is that is in the make-up of an entrepreneurial and growing firm that can constrain or promote its enduring growth over time. It is largely a qualitative but mixed method study that will generate the required information to develop a generalisable paradigm of entrepreneurial strategy.

1.7 SCOPE AND DELIMITATIONS OF THE STUDY

Selected entrepreneurial and high-growth firms on the Johannesburg Stock Exchange (JSE) will form the basis for the current research. The assumptions belying this choice are:

- Such firms were once small businesses but have migrated beyond the SME definition and are now public entities with objective statistics about their performance and a broader stakeholder set beyond the ‘one-man band’ referred to in Section 1.3 above. These are firms that have not only survived over the years, but have grown (Makura, 2010).
- The JSE is the 19th largest stock exchange in the world and certainly the largest and most advanced in Africa, with a market capitalisation of USD \$1 trillion as at 30 June 2014.
- Most of the JSE-listed firms have achieved success beyond the borders of South Africa and are now significant global players, despite their original domicile.
- Responses to questionnaires will most likely be easier to obtain from listed companies whose information is in the public domain and whose leaders are used to discussing their strategy with researchers and other independent external players.

The scope lends objective and verifiable information to the study from listed companies, and is limited to South African entities due to researcher proximity, time restrictions and monetary constraints from performing a broader study.

However, the scope does partly obviate the research bias referred to in Section 1.2.8.2, as it seeks to mine results from South African entities with a significant African and emerging global presence (Rugasira, 2013). The bias to large corporates discussed in Section 1.2.8.1 will unfortunately be retained because of the nature of the study of entrepreneurial firm growth within the constraints referred to above.

1.8 UNDERLYING ASSUMPTIONS OF THE STUDY

A key assumption of this thesis is that there are no other major differences between entrepreneurial and innovative companies and other types of companies that would make the results arising from the study of their entrepreneurial strategy difficult to generalise.

The research does not aim to deduce and explain a theory of the growth of entrepreneurial firms. However, this research explores the phenomenon of entrepreneurship and proposes a new typology of entrepreneurial strategy, against which a generalisable paradigm of entrepreneurial firm creation and growth can be inferred.

1.9 LIMITATIONS

The scope of the study delimits the intervention to mostly South African entities that are publicly listed, as indicated in Section 1.7 above.

The purposive nature of the sampling method adds to the limitation as a broader sample may deliver different or more generalisable results.

1.10 SIGNIFICANCE OF STUDY

The study seeks to close the research gap identified in literature and answer the modified question first posed by Penrose (1959), a key influence from Figure 1.1 above:

What is in the make-up ('insides') of today's entrepreneurial organisation that can promote its growth or limit it if it were not well managed?

This research proposes a new definition of entrepreneurial strategy that will have a practical application for small entrepreneurs and corporate managers alike in crafting breakthrough, growth-focused business models as business requires more theoretical guidance (Donham, 1922).

Further research as contemplated in this study could assist in bringing the concept of an entrepreneurial society (Drucker, 1985b) as an agent of economic growth and transformation to the fore and lead to the creation of a practical tool kit for African business practitioners, given that many managers can be trained to act like entrepreneurs (Thornberry, 2001).

Lastly, given that most small businesses do not survive for long (Hunter, 2012), and will probably come up short of success and fail in the initial few years of their existence, the study of previously small, but now large and growing firms might help to deliver the elusive solution for enduring firm growth and reduce start-up mortality, given the importance of successful SMEs to most economies, as discussed in Section 1.2.3 above. Entrepreneurial strategy-making may need to be systematised, and this research should ultimately expand the research body on entrepreneurship.

1.11 STRUCTURE OF THESIS

Chapter 1 has introduced entrepreneurial strategy as the area of research to be pursued, and identified the research gap, scope, assumptions, and potential limitations of the research approach to be pursued.

Chapter 2 involves a detailed literature review of the existing academic and other works on entrepreneurship first. The second part of Chapter 2 rearranges and granulates the concepts identified in Part 1 further, to extract a basis and meaning for the new paradigm of entrepreneurial strategy that the researcher proposes to develop.

In Chapter 3, a mixed research methodology as discussed in Section 1.6 will be proposed and expanded on.

Chapter 4 reveals the key research outcomes, answers the research question proposed in Chapter 1 and achieves the research objectives.

The contribution to the collective knowledge available on entrepreneurial strategy will be identified in Chapter 5, as well as pointing towards areas of further research, if any.

1.12 CONCLUSION

Chapter 2 which follows involves a wide-ranging reading of the works on the concept of entrepreneurship, as well as its transformation to a new definition and view of entrepreneurial strategy.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

A comprehensive literature appraisal is contained in this chapter, which is structured in five parts.

The first part, Section 2.2, introduces the concepts of globalisation, Schumpeterian creative destruction, growth, and the future, which are all pivotal to understanding the place and positioning of entrepreneurial strategy today. In Section 2.3, the key words in the various definitions of entrepreneurship in extant literature are discussed to mine the critical concepts. Section 2.4 poses a critique of extant literature to uncover salient research gaps and to initiate the development of a new entrepreneurial strategy paradigm. A further literature review in the context of the critique in Section 2.4 is delivered in Section 2.5 as a foundation for the emerging paradigm of entrepreneurial strategy proposed in Section 2.6.

2.2 GLOBALISATION IN CONTEXT

Globalisation was touched on in Section 1.2.6 above. Stiglitz (2002) maintains that globalization involves the economic integration of nations via improved movement of products, services, capital, knowledge and labour due to a reduction of the cost of business and the breaking down of barriers. Below, the impact of globalization on competition and opportunity search is explained, how innovation can enable global advantage, and entrepreneurship's place in growing firms and fit for an uncertain future.

2.2.1 Globalisation

The world has been transformed by the convergence of ten major political events, innovations, developments, and companies. These are the bringing down of the Berlin Wall and communism, the Internet, the development of software, uploading, open source, outsourcing, off-shoring, supply-chaining, in-sourcing, informing and digital technology (Friedman, 2005), amongst others. The confluence of these forces has created a new global, knowledge and web-enabled business platform for different forms of competition

and collaboration, which operates regardless of geography, distance, time, and language (Friedman, 2005).

Globalisation implies that, although in the past rival businesses competed with other businesses in their immediate locale and on a national scale (Eisenhardt, 2008), they now compete globally with all others, everywhere, not just in their own country. The substantial changes in business competition, including the entry of external companies into local business landscapes, are driving businesses to reconsider their strategies and pursue global growth (Kanter, 2003).

Rising quantities of small and medium-size firms are joining large businesses in exploring global growth markets or in attempting to meet international best standards just to retain local business (Kanter, 2003). Even start-ups are being born with a global ethos (Oviatt & McDougall, 2005a) where from the beginning they expand their business globally much more quickly compared to bigger and older organisations (Kudina, Yip & Barkema 2008), and minus the long development process normally associated with internationalisation.

Paradoxically, it appears that the ideal way for companies to better control their local business environment is to become more internationally competitive (Kanter, 1995), as globalisation is now an opportunity as well as a threat (Grove, 1997). This is discussed next.

2.2.2 Globalisation and Entrepreneurship

Entrepreneurship has emerged as the proactive response to globalisation (Audretsch, 2007). Global competitive pressure has made all established organisations seek to find an entrepreneurial orientation to improve competitiveness and performance (Heinonen & Toivonen, 2007).

Seemingly, Schumpeterian creative destruction, discussed below, knows no national borders.

2.2.3 Creative Destruction

In 2.2.1 above, it was stated that one of the driving forces of globalisation was the descent of communism and the consequent re-assertion of capitalism as a more dominant global political system.

Schumpeter (1950) considered capitalism as an economic system in which competition is driven by the 'perennial gale of creative destruction' (Smart, 2012) or how new ideas, firms and industries emerge and therefore lead to the disruption or collapse of traditional ideas, firms, and industries (Howie, 2011). The capitalist system is always in motion and driven by innovation which changes industries and firms (Schumpeter, 1942). Importantly, the central player on this capitalist stage is the entrepreneur (Demirbas & Demirbas, 2011), who is the agent of this disruptive change (Christensen & Overdorf, 2000) via strategy that delivers creative destruction (Schumpeter, 1950).

Profound transformation in the business environment has generated new possibilities and challenges (Hamel, 2009). Schumpeter's recurrent storm of creative destruction is a constant hurricane (Hamel, 1998) now and in the new digital and knowledge-based economy. An example of this gale exists in South Africa today. Since democratisation and the political change of 1994, South African businesses have had to manage the challenges associated with the country becoming a full part of the fast-changing world economy (Balshaw & Goldberg, 2005). As all sorts of discontinuities permeate the business environment of today, Hamel and Prahalad (1994) ask which companies will prosper and profit in an environment of change, and alternatively which ones will disappear (Hamel & Prahalad, 1994).

It seems that only those companies that can change themselves and the business model that they operate on will survive, develop, and grow (Hamel & Prahalad, 1994), as the key dynamic that drives success is entrepreneurship (Kuratko, 2009).

The entrepreneurial firm utilises innovative strategies to create enduring growth (Kuratko, 2016). McGrath (2013) says that organisations need to capture opportunities fast, exploit them decisively and move on before they are depleted. Disruptive innovation, for example, is used by many leaders of small and large entrepreneurial firms alike to drive the growth of their companies (Christensen, Raynor & McDonald, 2015).

Entrepreneurial success rests on the ability to creatively change the way an industry operates through an effective and efficient strategy, that enables and accelerates firm growth as expanded on in Section 2.2.4 below.

2.2.4 Growth

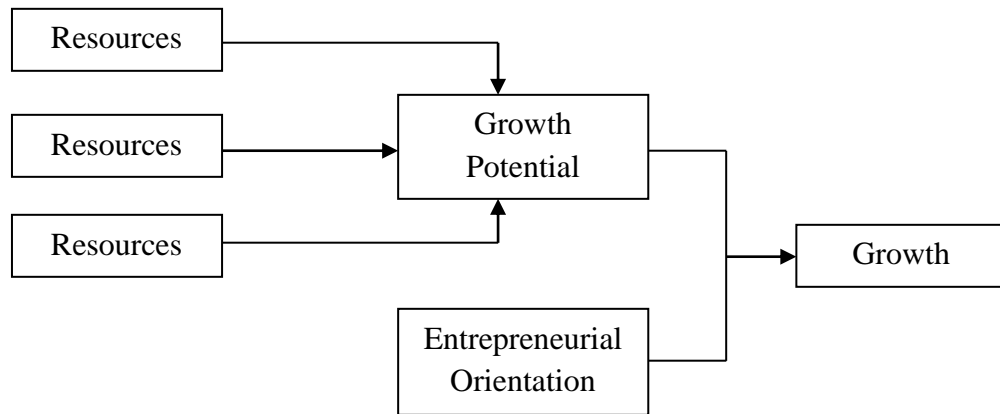
In the previous section, entrepreneurship was identified as an increasingly important growth strategy for enhancing the competitiveness of organisations, given the dynamics of globalisation (Bhardwaj & Momaya, 2007). And CEOs everywhere are quickly focusing their businesses on grabbing opportunities for growth (Elbert, 2008). In the technology space, scale is a buzzword. Scalability strongly relates to the growth potential of a company (Stampfl, Prugl & Osterloh, 2013). However, these days it is not a question of big companies outperforming small start-ups, but rather it is the fastest-growing firms which ultimately win the game of business (Stampfl et al., 2013).

An entrepreneurial venture objectifies profitability and growth (Kuratko, 2016). Companies can grow rapidly after start-up if they have identified the right opportunity, acquired the right capabilities and resources, and devised the most effective strategies (Hunter, 2013).

However, many small and new entrepreneurial ventures fail partly because the owners cannot manage the growth and the lifecycle of these ventures (Nieman & Pretorius, 2004). Businesses can grow too fast which can turn the entrepreneurial dream into a veritable nightmare, if not addressed in the strategy and implementation (Carson, Holloway & Lozner, 2014). The management of growth in general, and that of entrepreneurial firm leaders, is quite often ignored in business management theory (Mazarol, Clark & Rebond, 2014).

CEOs and senior managers are required to grow their organisations (Chopra, 2014). Growth defines an entrepreneurial enterprise and is a crucial element of entrepreneurial success that must be strategised on and operated well for the potential to be realised (Nieman & Pretorius, 2004), as can be viewed in Figure 2.1 below:

Figure 2.1: An Integrated Model for Business Growth

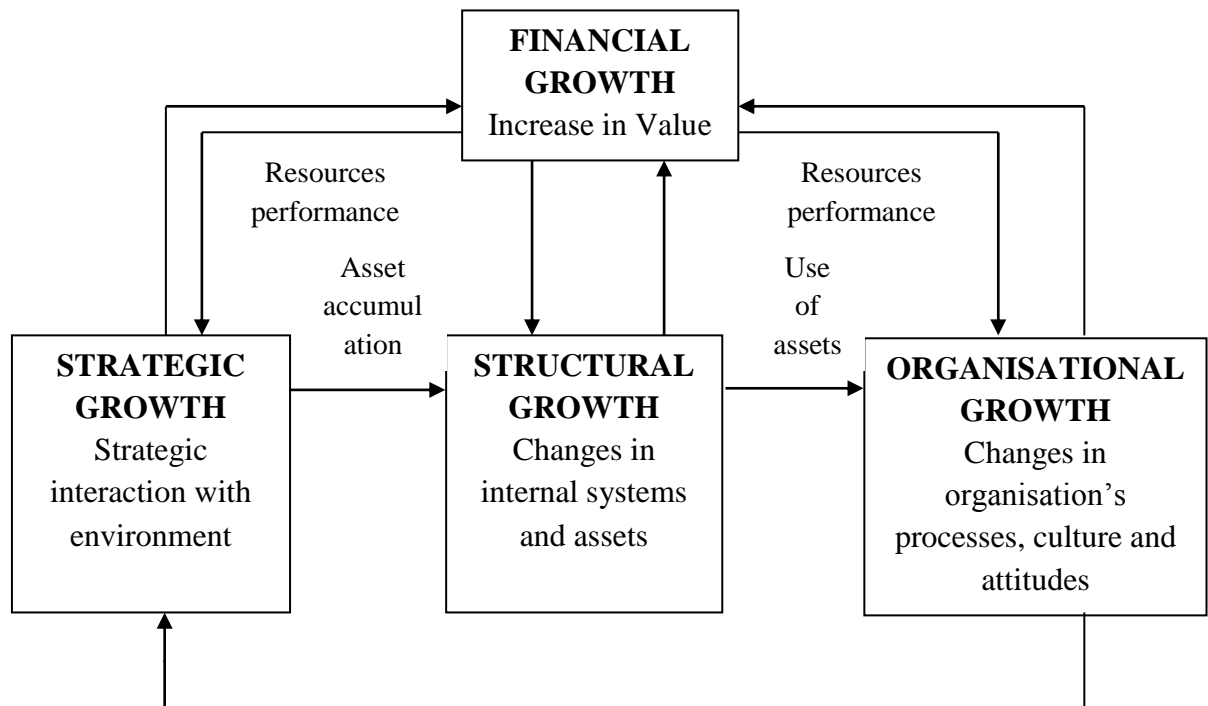


Source: Nieman and Pretorius, 2004

Essentially, the Schumpeterian combination of resources creates growth potential which, when exploited by the growth-oriented entrepreneur, leads to the growth of the firm. For Nieman and Pretorius (2004), simple growth strategies are aimed at either internal growth (increasing core market share, expansion into new markets, developing new products, failure prevention), external growth (vertical integration, horizontal integration, lateral integration), or a combination of both.

Viguerie, Smit and Baghai (2010) add that interaction with the external environment, coupled with internal organisational and structural changes, can lead to an increase in financial value, as illustrated in Figure 2.2 below:

Figure 2.2: Dynamics and Types of Growth



Source: Viguerie, Smit and Baghai, 2010

Given that the most difficult aspect is sustaining business performance in the absence of growth (Viguerie et al., 2010), what will business look like in the future (Elbert, 2008)?

To become future-fit, strategic, structural and organisational growth are critical to the realisation of financial growth and success, as required by stakeholders (Viguerie et al., 2010).

Section 2.2.5 below expounds this concept.

2.2.5 Enterprise of the Future

Numerous organisations are battling to deal with the significant change that 80% of CEOs see ahead, and unfortunately the gap between anticipated change and the ability to manage this change has trebled since 2006 (IBM Global Business Services, 2008).

Interestingly, CEOs do not view the more demanding customers as a threat, but as a chance to differentiate and create value. Thus, nearly all CEOs are adjusting their plans of action, carrying out large-scale innovations and changing their business models to be more collaborative. CEOs are changing quickly to global business structures that match global integration imperatives. It seems that those companies that outperform financially tend to be more global in outlook, partner more and are more disruptive (IBM Global Business Services, 2008).

At its centre, the futuristic enterprise is competent in quick change, exceeds the expectations of increasingly demanding customers, and is disruptively innovative (Elbert, 2008).

The Elbert (2008) assertions reiterate the importance of global integration, disruptive or creatively destructive innovation, and growth centricity, as introduced by the researcher in Sections 2.2.1 to 2.2.4, to better serve ever-demanding customers and achieve financial success. Additionally, Elbert (2008) introduces the important aspect of change, and how the ability to be both proactive and reactive to change is increasingly important. These are all important determinants of the new definition of entrepreneurial strategy that the author proposes later in the chapter.

Finally, Amabile and Khairi (2008) assert that organisations of the future must become more entrepreneurial and creative if they are to succeed and grow.

2.2.6. Conclusion

We live in a period of a worldwide entrepreneurial revolution where business visionaries are testing the validity of existing methods and creating value in new ways. Organisations cannot stand still or be stuck in the past, as environmental instability and chaos is now commonplace (Morris et al., 2008). Even the economic downturns have become an inevitable part of the business cycle and provide opportunities for astute business leaders to outmanoeuvre rivals and get ahead competitively. Unfortunately, many conservative companies fail to see the opportunities hidden in economic downturns (Rhodes & Stetler, 2009). Entrepreneurs, through their innovations are linked to both the creation and scale of business cycles (Parker, 2012), and their risk-taking nature may make them better prepared to take advantage in times of chaos when other business people may urge caution instead.

Today, entrepreneurship is desirable and vital for every organisation seeking to survive and grow (Johnson, 2001). But the questions being asked are how to identify entrepreneurship (Stopford & Baden-Fuller, 1994), how to become more entrepreneurial (Schuler, 1986), and how to convert all kinds of people into entrepreneurial champions (Bjerke, 2007).

The definition of entrepreneurship is dealt with in Section 2.3 below to answer the questions of how to identify entrepreneurship and become more entrepreneurial. With a better understanding of the construct, more people can be converted into entrepreneurs. Entrepreneurship, however, is an emerging field of research (Antoncic & Hisrich, 2003) which is rapidly evolving (Carlsson, Braunerhjelm, McKelvey, Olofson, Persson & Ylinenpaa, 2013).

2.3 ENTREPRENEURSHIP

2.3.1 Introduction

Entrepreneurship has been referred to for more than two centuries, yet there is still significant disagreement about its meaning (Kuratko, Morris & Covin, 2011), in terms of who is an entrepreneur, the description of an entrepreneurial endeavour, and what entrepreneurial behaviour is made up of (Ginsberg & Buchholtz, 1989).

Entrepreneurship research seems to have developed in a disjointed and random way and grown as a business discipline by borrowing, building upon, and adapting approaches from other fields (Kuratko, Morris & Schindehutte, 2015).

Thus, even though there is much interest and research on the subject, it appears that still little is known about entrepreneurs (Ginsberg & Buchholtz, 1989) and researchers have not produced a generally acknowledged meaning of entrepreneurship (Spencer, Kirchhoff & White, 2008). Section 2.3.2 below introduces the concept of corporate entrepreneurship (CE) followed by entrepreneurship as an aspect of behavior, to be greater understood by looking at various words associated with entrepreneurship definitions in Section 2.3.4.

2.3.2 Corporate Entrepreneurship

Some observers believe that entrepreneurial practice is the preserve of independent small company entrepreneurs (Ginsberg & Hay, 1994). There is an indication, however, that large businesses in mature or stagnating sectors may also benefit performance-wise from the application of entrepreneurial processes (Ginsberg & Hay, 1994).

Clearly, organisations of different background and size use corporate entrepreneurship in different ways to create competitive advantage (Veenker et al., 2008).

2.3.3 Entrepreneurship as Behaviour

Much of the academic writing on entrepreneurship has concentrated on the attributes that characterise entrepreneurs (Ginsberg & Hay, 1994). Entrepreneurship researchers have tended often to address the question of who the entrepreneur is. In most cases, this is an inappropriate question, as examination ought to concentrate on what the entrepreneur does and less on who the entrepreneur is (Gartner, 1988). It is the entrepreneurial activity, together with the company's attributes which may nurture and hinder it (Miller, 1983), which are of increasing importance as a firm grows sustainably.

Peter Drucker (1985b) also maintained that entrepreneurship is not a personality trait but an aspect of behaviour and what makes a firm entrepreneurial are the actions it takes (Garcia, Montes & Jover, 2006). This is reminiscent of Bossidy and Charan (2002) who influenced this research as per Figure 1.1 and highlighting the importance of execution to entrepreneurial success as discussed later.

The readiness to pursue opportunities, act on these opportunities and put an accent on innovation can be considered as entrepreneurial (Van Aardt, Van Aardt & Bezuidenhout, 2008). **Entrepreneurship is about behaviour** (Covin & Slevin, 1991).

2.3.4 Key Words in Definitions of Entrepreneurship

Entrepreneurship is a multi-dimensional phenomenon in which no one definition of entrepreneurship dominates (Palich & Bagby, 1995).

One study that is summarised in Table 2.1 below performed an analysis of key words (with five or more mentions) associated with definitions of entrepreneurship appearing in the literature (Morris et al., 2008).

Table 2.1: Key Words in Definitions of Entrepreneurship

	Term	*Number of mentions
1	Starting/founding/creating	41
2	New business/new venture	40
3	Innovation/new products/new market	39
4	Pursuit of opportunity	31
5	Risk-taking/risk management/uncertainty	25
6	Profit-seeking/personal benefit	25
7	New combinations of resources, means of production	22
8	Management	22
9	Marshalling resources	18
10	Value creation	13
11	Pursuit of growth	12
12	A process activity	12
13	Existing enterprise	12
14	Initiative-taking/getting things done/proactiveness	12
15	Create change	9
16	Ownership	9
17	Responsibility/ source of authority	8
18	Strategy formulation	6

Source: Morris, Kuratko and Covin, 2008

From Table 2.1 above, it seems that entrepreneurship research falls within several schools of thought. There is, however, a need to understand these various schools of entrepreneurship and recognise the importance of all of them (Cunningham & Lischeron, 1991), as well as unpacking each one further, as discussed below:

2.3.4.1 Starting/Founding/Creating

Owner-managers are sometimes considered as synonymous with entrepreneurs (Gartner, 1985). In fact, a broadly-acknowledged perspective is that an entrepreneur is characterised by the starting-up of a novel, self-owned small business (Drucker, 1985b).

An entrepreneur is not always synonymous with the small business owner, however, (McDaniel, 2000) as entrepreneurship goes beyond the mere creation of small businesses,

or of multiple start-up businesses, each with similar business models. It involves the process of its growth, as discussed in 2.3.4.11 below.

Entrepreneurs do start new businesses. Nonetheless, not every small, new business is entrepreneurial nor does it necessarily represent entrepreneurship (Drucker, 1985b).

2.3.4.2 New Business/New Venture

Entrepreneurship scholars have focused more on founder entrepreneurs and their new ventures (Miller, Steier & LeBreton-Miller, 2016) and on the notion that the entrepreneurship is substantially about new venture creation (Stevenson & Amabile, 2008).

The entrepreneur is someone who creates new ventures (Kiessling, 2004). Interestingly, new venture creation frequently entails acquiring, mobilising, deploying and integrating resources to pursue opportunities (Kraus & Kauranen, 2009). According to Lumpkin and Dess (1996), a key part of having an entrepreneurial orientation involves new venture creation which comes up with something that others do not have (Hunter, 2013) as is discussed in Section 2.3.4.3 below.

Entrepreneurs create new ventures.

2.3.4.3 Innovation/New Products/New Market

For Schumpeter (1947), entrepreneurship involves innovation or the undertaking of original things or the performance of existing things differently. Schumpeter (1946) further held that it is these consecutive innovations that continuously change the economic, and constantly destroy the old ways, while forging the new ways.

Entrepreneurship disrupts the market equilibrium through innovation (Stevenson & Jarillo, 1990). Entrepreneurship is thus the dis-equilibrating (innovative) or the market equilibrating (through detecting and exploiting opportunities that others do not notice) individual or organisational actions (Schumpeter, 1927).

Entrepreneurs are individuals who create something new and different. In other words, **entrepreneurs innovate.**

2.3.4.4 Pursuit of Opportunity

Entrepreneurship studies have concentrated on the origin of opportunities and the actions taken by entrepreneurial individuals to explore and exploit opportunities (William & Wood, 2015). An entrepreneur is conventionally defined as someone who forms an entity to pursue identified opportunities (Ginsberg & Hay, 1994), given that opportunity recognition is an ability that is not common or uniformly found in society (Hunter, 2013).

The traditional view is that entrepreneurs fill market gaps (Sarason, Dean & Dillard, 2006). The entrepreneurial process therefore involves recognising prospects, assessing and ranking these options, and then transforming such opportunities into feasible and sustainable businesses (Morris et al., 2008).

Entrepreneurs perceive and **pursue opportunity** (Short, Ketchen, Shook & Ireland, 2009), as entrepreneurial performance depends on this ability (Schumpeter, 1947).

2.3.4.5 Risk-Taking/Risk Management/Uncertainty

Risk-taking is common in most definitions of entrepreneurship (Palich & Bagby, 1995), where a firm's risk-taking propensity is a key element of its strategy (Zhang & Qianwen, 2007). Along these lines of thought, an entrepreneur takes the risk (Newman, 2007) of starting or keeping up a profitable business operation autonomously (Bainee, 2013).

According to Cantillon, who instituted the term 'entrepreneur' (Brown & Thornton, 2013), entrepreneurs tolerate risk and manage uncertainty (Freiling, 2009). Uncertainty relates to something which is not known but is inherent in every business environment and largely unavoidable. Drucker (1985b) adds that because entrepreneurship involves committing present resources to future expectations, this introduces an element of uncertainty and risk.

But as Knight (1921) put forward, there is a difference between risk (a known chance of loss with measurable and controllable probability) and uncertainty (which is immeasurable, uncontrollable and where the outcome is unknown).

Entrepreneurship entails risk taking under conditions of uncertainty.

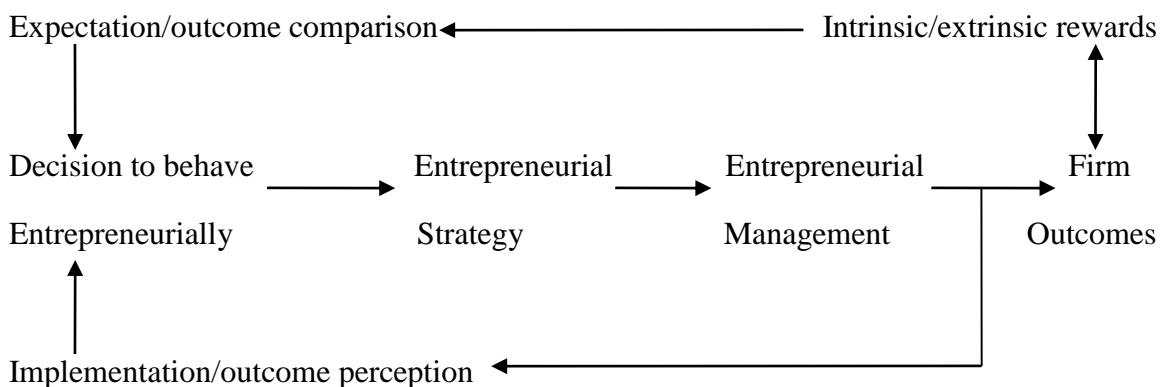
2.3.4.6 Profit-Seeking/Personal Benefit

What is it that motivates an entrepreneur to start a business in an environment of rapid change and globalisation, ask Ep and Mariem (2015). In addition, how does the behaviour of the entrepreneur affect the growth and performance of the business? (Delmar, 1996)

Entrepreneurial intentions are conceived as the link between the entrepreneur and the context within which a venture is created. The entrepreneur is motivated (Neill, Metcalf & York, 2015) by a desire for profit and reward (Mishra & Zachary, 2015). Entrepreneurial endeavours are the channel for, and result of, the entrepreneur's actions (Sarason et al., 2006).

The model in Figure 2.3 below shows that becoming an entrepreneur may be inspired by an analysis of cost required, compared to the benefit to be derived from the business. Together with a confidence in his/her own capacities, an entrepreneur is prone to move from opportunity discernment to the formation of a new venture to achieve his/her personal objectives.

Figure 2.3: A Model of Entrepreneurial Motivation



Source: Naffziger, Hornsby and Kuratko, 1994

Figure 2.3 shows that entrepreneurship is impacted upon by both extrinsic environmental factors and intrinsic individual characteristics (Jain & Ali, 2013). A small business owner sets up and manages a business to further personal goals which are closely tied to family needs and desires, and with the business being intricately linked to his personality (Sexton, 1986). These personal goals, attributes, and strategic thrust impact on the organisation's strategy (Kraus & Kauranen, 2009) and hence the motivation, aspirations and energy of entrepreneurs

are just as important as the right environmentally-fit growth strategies in achieving profit (Clark & Douglas, 2014).

Entrepreneurial intention (Kautonen, Gelderen & Fink, 2015) **may be predicted on both internal personal and external factors.**

2.3.4.7 New Combinations of Resources/Mean of Production

According to Schumpeter, entrepreneurs manage and carry out new combinations or innovations. These innovations come in the form of the ushering-in of a new product or the quality of a product which consumers do not know yet; the application of a new production method or way of managing a product commercially; the opening of a new market which the manufacturer has not been active in; the gaining of a new supply of crude materials or other intermediary inputs; or the implementation of a new industry model, such as the establishment or destruction of a monopoly (Stevenson & Jarillo, 1990).

Entrepreneurs reconfigure resources or the means of production through innovative activities for creating value.

2.3.4.8 Management

Entrepreneurial management is the foundation of entrepreneurial action (Lumpkin & Dess, 1996). But the entrepreneurial activity is not always performed by one person (Miller, 1983), as it can be done in a joint effort with others (Schumpeter, 1949). An example would be a corporation where several individuals fulfil this function together in an entrepreneurial management team.

So, the entrepreneurial role stressed by Schumpeter (1949) can be performed by entire organisations, which are decentralised (not just one great person). Entrepreneurship can be managed and cultivated in management teams as part of the corporate culture (Ebner, 2009).

Ginsberg and Hay (1994) maintain that the entrepreneurial and management function can co-exist, and in different types of entrepreneurial management dispensations, as reflected in Figure 2.4 below:

Figure 2.4: Framework for Categorising Entrepreneurs

		DECISION AUTONOMY & FLEXIBILITY	
		Low	High
CREATIVITY & INNOVATION	Low	Corporate Managers	Owner-Manager
	High	Corporate Venturer	Independent Entrepreneur

Source: Ginsberg and Hay, 1994

Entrepreneurs range from independent entrepreneurs to corporate managers with varying degrees of autonomy, flexibility and innovation. The key issue is that independent entrepreneurs are highly autonomous and flexible, while corporate managers are restricted in terms of decision-making and the application of innovation. CE should then create conditions where corporate managers act more like owners in terms of decision-making and more innovative like independent entrepreneurs within the established corporation.

2.3.4.9 Marshalling Resources

Entrepreneurship is regularly depicted as the hunt for opportunities, notwithstanding that the resources needed for this may not be currently owned or controlled (Kirzner 1973). It thus augments the resource-based view of strategy (RBV) which looks at the organisation whose performance is driven by the collection of resources within it (Plummer, Haynie & Godesiabois, 2007). RBV further suggests that entrepreneurial strategy focuses on getting and using resources or capabilities to create competitive improvement (Plummer et al., 2007).

In the present business environment, and from a strategic viewpoint, knowledge is a significant and incomparable asset of any organisation (Merry, 1999) and an important way of enhancing its competitive advantage (Hsu, Lawson & Liang, 2007).

Entrepreneurship is about **mobilising and managing resources**, regardless of their ownership. Knowledge, as a resource, is an increasingly important part of the modern-day company resource mix.

2.3.4.10 Value Creation

Jean-Baptiste Say had included in the definition of entrepreneurship the idea that the entrepreneur generates higher productivity and return from economic resources. Hence, entrepreneurial activity may result in wealth creation to the specific individual or society in general (Gartner & Shane, 1995).

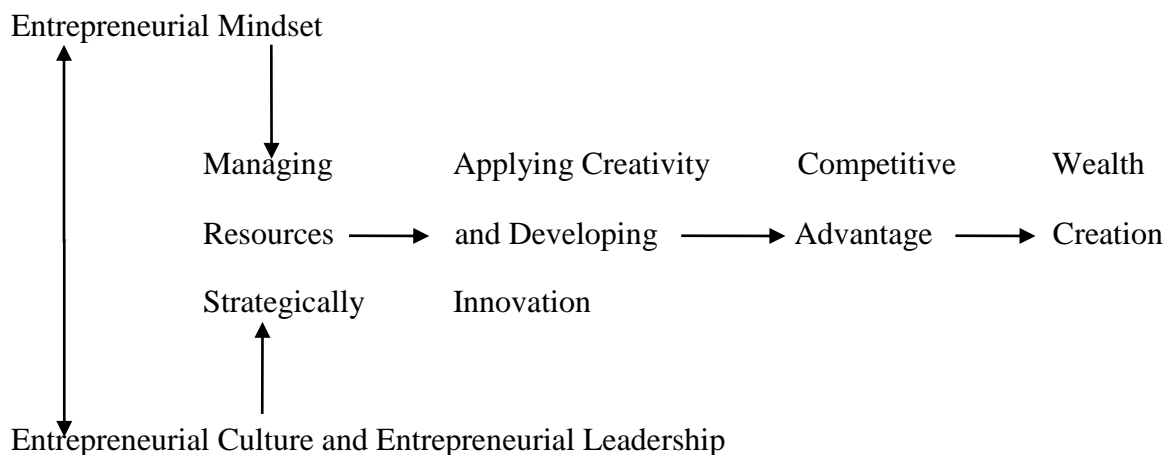
Management is responsible for managing resources in a manner that improves results and is thus like JB Say's entrepreneur (Drucker, 1974) who improves the return from the use of resources by developing a new consumer demand and market for his goods or services (Luchsinger & Bagby, 1987). However, entrepreneurial companies also find new sources for internal value creation within the organisation (Morris et al., 2008).

Entrepreneurs create value through the innovative management of resources at their disposal.

2.3.4.11 Pursuit of Growth

McGrath and MacMillan (2000) argue that a strong entrepreneurial mindset underpins a growth-oriented perspective (Ireland et al., 2003), as shown in Figure 2.5 below.

Figure 2.5: Entrepreneurial Mindset



Source: Ireland, Hitt and Sirmon, 2003

An entrepreneurial mentality is an approach to considering the opportunity set of the firm, as well as activities that are critical to the hunt for them (Ireland, Kuratko & Morris, 2006a).

Indeed, individuals with a strong discovery mindset both think and act in ways that support the pursuit of opportunities (Neill et al., 2015).

A basic inquiry is whether entrepreneurial activity stops when a new firm becomes operational, or an innovation is implemented (Brown 1993). Sexton (1986) differentiates between the growth-emphasising strategic management of entrepreneurs and the no-growth inclination of the small business owner. Contrasted with the small business owner, the entrepreneur starts and manages a profitable and growing organisation through innovation and strategy (Sexton, 1986). For the entrepreneur, growth is controllable (Stevenson & Jarillo, 1990). Stevenson and Amabile (2008) make a useful comparison of new business creation and child-rearing, concluding that starting is easy but successful growth requires a long period of hard work.

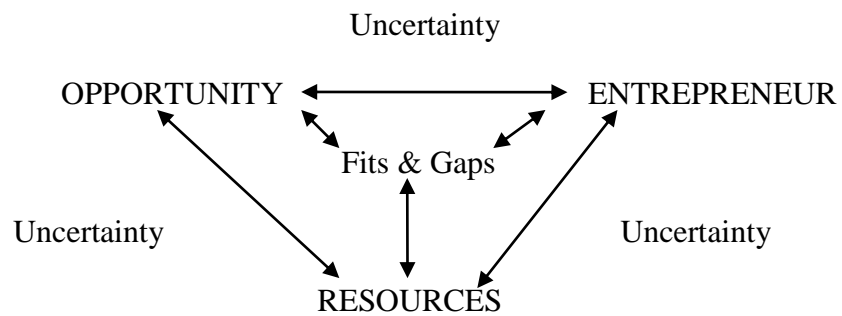
Thus, a business requires entrepreneurial skills during its entire existence. Even corporate entrepreneurship (CE) requires a mandate for growth and clearly-communicated vision and a selection of an appropriate CE model, as well as the development of a team with the required capacity and the necessary resources (Wolcott & Lippitz, 2007).

Entrepreneurship, importantly, is about the achievement of growth and not just starting new businesses (Shane, 2007).

2.3.4.12 A Process Activity

Entrepreneurship can be defined by the complex, dynamic and integrated processes performed by entrepreneurs in their environment (Karatas, Anderson, Fayolle, Howells & Condor, 2014). The entrepreneurial process involves the tasks and actions for identifying opportunities, obtaining resources, and creating organisations to follow them, as reflected by Timmons (1994) in Figure 2.6 below:

Figure 2.6: Entrepreneurial Process



Source: Timmons, 1994

The entrepreneurial process is also concerned with self-evaluation and assessing the need for change, as well as acting and managing to take advantage of opportunities (Cunningham & Lischeron, 1991). It also entails the discovery and evaluation of new and under-exploited opportunities, as well as the application of the right entrepreneurial strategy which fits the environment (Plummer et al., 2007).

Entrepreneurship is a **process** involving many activities and not a once-off event.

2.3.4.13 Existing Enterprise

a) Introduction

Entrepreneurship involves the long-term objective of starting and growing an organisation to take advantage of a business opportunity, putting together a team and mobilising the necessary resources (Van Aardt et al., 2008).

In view of research on strategy and organisation, the term ‘corporate entrepreneurship’ seems to be an oxymoron, as the words ‘corporate’ and ‘entrepreneur’ are not normally put together (Thornberry, 2003). In corporate entrepreneurship (CE) an individual or a group, together with or within an established business, forms a new organisation, rejuvenates or innovates in it (Dess, Ireland, Zahra, Floyd, Danney & Lane, 2003; Wolcott & Lippitz, 2007; MacFadzean, O’Loughlin & Shaw, 2005;).

b) Corporate Entrepreneurship

If entrepreneurial strategy relates to the firm's definition of its product or market domain (Blumentritt & Danis, 2006), then CE extends the firm's scope of capability and related opportunities through internal innovation (Dess et al., 2003). As shown in Figure 2.7 below, the four types of corporate entrepreneurship strategies depend on whether the entrepreneurial resources are internal or outsourced and whether the company integrates the entrepreneurial resources into it or enhances the freedom of its entrepreneurs (Miles & Covin, 2002).

Figure 2.7: Corporate Entrepreneurship Strategies

ORIGIN			
		<i>Internal</i>	<i>External</i>
STRUCTURE	<i>Integrated</i>	INTRAPRENEURING	MERGER & ACQUISITION
	<i>Autonomous</i>	INTERNAL CORPORATE VENTURING	ENTREPRENEURIAL PARTNERSHIP

Source: Miles and Covin, 2002

Numerous established firms struggle to remain entrepreneurial and innovative, owing to bureaucracy and inertia. Hence, such firms merge and acquire independent, highly-entrepreneurial firms as a substitute for the firm's internal venture process (Miles & Covin, 2002).

Established companies can also be entrepreneurial through corporate entrepreneurship or intrapreneurship.

c) Intrapreneurship

Intrapreneurship (Pinchot, 1985) employs the entrepreneurship spirit, mindset and skill of the small business and embeds it into the ethos of bigger established firms (McGinnis & Verney, 2001; Thornberry, 2001).

Intrapreneurship relates to internally-generated ventures in an organisation or pioneering in large enterprises. Intrapreneurship is very important in business today to ensure survival, as the world is changing rapidly, leading organisations to rely more on internal entrepreneurial activity to create higher levels of competitiveness through innovation (Van Aardt et al., 2008).

d) Exopreneurship

If intrapreneurship operates within the organisation (Antoncic & Hisrich, 2003), then exopreneurship relates to innovation that occurs outside the organisation, using exopreneurs or external agents (Chang, 2000) - for example, through franchising, external investment, subcontracting and strategic alliances (Chang, 2000).

e) Strategic Entrepreneurship

Strategic entrepreneurship (SE) utilises both the search for opportunity and the taking advantage of current competitive positions to deliver superior performance (Ireland & Webb, 2007), financially and non-financially (Ireland et al., 2003).

Small entrepreneurial firms identify opportunities well, but do not perform well in the extraction of optimum value. By comparison, big established firms are better at establishing competitive advantages, but are less effective at taking advantage of emerging opportunities.

Companies should be entrepreneurial in exploring and exploiting opportunities (like smaller firms), and being able to execute growth options (like larger firms).

f) International Entrepreneurship

During globalisation, firms need to steer (Hamel, 1998), identify and exploit global opportunities to create value (Mtigwe, 2006; Oviatt & McDougall, 2005b; Zahra, 2005).

International Entrepreneurship (IE) seeks to create such value (McDougall & Oviatt, 2000) through the exploitation of international opportunities (Chandra, Styles & Wilkinson, 2015). These organisations are entrepreneurial because they are organised to be economically active in different countries, act to overcome the difficulties related with international business activities, and have taken risks to engage in businesses differently. In the Schumpeterian way, these entrepreneurs have created new combinations of locating production facilities and/or gaining access to markets in different countries.

Entrepreneurship is therefore about creating and sustaining business **within or across national boundaries** (Oviatt & McDougall, 2005a).

Regardless of what it is called, the practice of entrepreneurial activity in existing enterprises is increasingly important to firm profitability and survival (Urban, 2012). In the section that follows, aspects of corporate entrepreneurship will be discussed further.

2.3.4.14 Initiative-Taking/Getting Things Done/Pro-Activeness

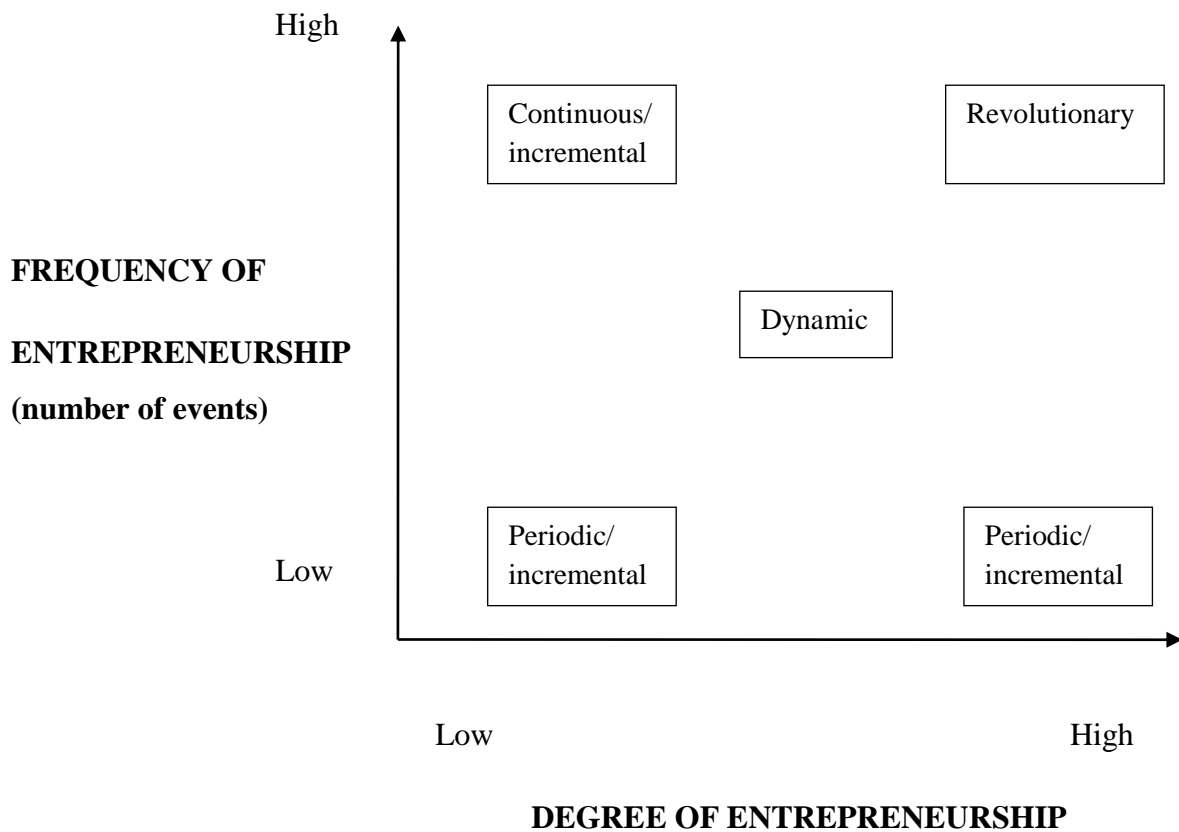
Entrepreneurs identify and follow up on opportunities, together with a consistent focus on execution to achieve set goals. The test for people in established firms is to be as proactive in the execution of growth as a start-up (Lumpkin & Dess, 2001).

The entrepreneur gets things done (Kiessling, 2004).

2.3.4.15 Create Change

Schumpeter believed entrepreneurs change the economy through innovation (Spencer, Kirchhoff & White, 2008). However, there is a current perspective that CE is a means of corporate strategic revitalisation (Lumpkin & Dess, 1996), as studies have demonstrated that when an organisation achieves a specific size, it can lose its ability to act entrepreneurially and to encourage innovation (Kuratko, Ireland & Hornsby, 2001). Entrepreneurship in this way incorporates the renewal that occurs within an organisation (Kuratko et al., 2001) through innovative development of new abilities (Guth & Ginsberg, 1990). For this reason, CE is becoming a desirable strategy for many large companies (Guth & Ginsberg, 1990) to enable their organisation to respond better to environmental changes (Dess et al., 2003). The frequency and degree of entrepreneurship may differ from firm to firm, as shown in Figure 2.8 below.

Figure 2.8: The Entrepreneurial Grid



Source: Morris, Kuratko and Covin, 2008

Thus, the entrepreneur is an agent of change, at a Schumpeterian economy and industry level, and more contemporarily at and inside the firm level.

2.3.4.16 Ownership

Gartner and Shane (1995) define entrepreneurship as being about ownership. This echoes Schumpeter who argued that entrepreneurship implies the innovation of independently-owned start-up firms (Spencer et al., 2008).

Section 2.3.4.1 discussed entrepreneurs as people who start their own new businesses. Increasingly, however, differences among various firm ownership types have gained attention from organisational researchers (Daily & Thompson, 1994). It appears that there are several alternative ways to entrepreneurial endeavour such as starting, purchasing, inheriting, and being promoted or employed by existing owners (Cooper & Dunkelberg, 1986).

Entrepreneurs are not only those who start and own a new business, but are also those who practise entrepreneurial behaviour in an existing business, which they may not necessarily own, but to which they have been brought into contact by various means. It is what you do with the resources at hand that determines whether you are entrepreneurial or not.

2.3.4.17 Responsibility/Source of Authority

An entrepreneur assumes responsibility for mobilising people and other resources for the purposes of starting and managing a new organisation (Pettigrew, 1979).

He assumes responsibility and ownership for all that comes with a new business enterprise or activity, including the management of the risks attached to the process (Johnson, 2001).

Through this responsibility for directing an enterprise, the entrepreneur's profit is the return for organising productive resources and bearing the risk of uncertainty (Emmett, 2010).

Entrepreneurs take **responsibility** for the value creation process.

2.3.4.18 Strategy Formulation

Strategic management in SMEs and start-ups illustrates the central role of the entrepreneur's vision and intuition which are more prominent than any formal strategic plans (Kraus & Kauranen, 2009). However, there have been few attempts to understand how entrepreneurs craft their strategies (Miller & Freisen, 1978). Karami (2007) is worried about the absence of enough strategic thinking in small firms, as well as whether or how top management in small firms both formulate and implement strategy. He concludes that there may be lessons to be learnt from large corporations by SMEs regarding strategic management.

SMEs are good at identifying entrepreneurial opportunities, but less effective at exploiting them through sustainable competitive advantage (Kraus & Kauranen, 2009). Andersen, Cobbold and Lawrie (2001) add that the major reason for the poor performance and sometimes ultimate failure of small businesses is an inability to focus on issues of strategic importance, as well as how the owner-manager's decisions are made without established management theory. But large established firms have something to learn as well. Burgelman (1983) believes firms need both the entrepreneurial diversity that comes from participants at the operational level (Bottom), and the order resulting from the imposition of strategy on the

organisation from the top to maintain their viability. There is thus a need for integration where strategists use resources to exploit opportunities and entrepreneurs include a strategic planning perspective (Kraus & Kauranen, 2009).

Successful entrepreneurs must be strategically-minded. Established companies must remain entrepreneurially-minded. An entrepreneurial strategy approach will work well for firms in general.

2.3.5 Conclusion

Entrepreneurship is not only about function or personality. Entrepreneurship involves the creation of value and of growth through innovation, enterprise, and change (Ireland et al., 2003). The innovative pursuit of opportunity, individually or corporate-led, is central to entrepreneurship (Stopford & Baden-Fuller, 1994).

Obviously, a blend of entrepreneurship and innovation helps an organisation to achieve sustainable success in the business environment today. Hence, all companies need a critical mass of entrepreneurship (Thornberry, 2003).

The exploration of the definitions in 2.3.4 Key Words in Definition of Entrepreneurship has confirmed the lack of a unified understanding of entrepreneurship and what entrepreneurs do. This is expanded in the critique of entrepreneurship research in Section 2.4 below. However, the key takeaways from this section are used as the constituent parts of the new view of entrepreneurship discussed in Section 3.4.

Entrepreneurial behaviour can be summarised as the quest for growth through innovation.

2.4 A CRITIQUE OF ENTREPRENEURSHIP RESEARCH

2.4.1 Introduction

The literature review in Section 2.3 above has confirmed that the field of entrepreneurship is a disconnected grouping of diverse research positions (Alvarez & Busenitz, 2001). Thus, entrepreneurship researchers have pointed to the need for a unified theory of entrepreneurship to provide effective lessons for today's business leaders.

This is particularly so when the far-reaching changes in a wide assortment of industries are pressurising business leaders. Managers who wish to improve their firm's competitiveness are looking for new strategies for a turbulent environment and discarding the traditional approaches to strategy that no longer work as well (Hamel & Prahalad, 1994).

Section 2.4 picks out some of the gaps identified in the literature review as a means to developing a new paradigm explained further in Section 2.5.

2.4.2 Knowledge Gaps

By far the most popular references to the concept of entrepreneurship pertained to items 1 to 5 in Table 2.1 above. Notwithstanding the fact that entrepreneurship is, per the survey, largely defined as the taking of risk to start a new business venture, and to innovate in pursuit of an opportunity, there are obvious knowledge gaps in pursuit of an integrated definition and approach to entrepreneurship:

- a) Research on strategic growth literature tends to make light of the function of entrepreneurship as a catalyst for growth. Growth is an outcome of a successful entrepreneurial process and is increasingly a CEO concern (Gulati, 2004). Entrepreneurship is not only about the art of starting (Kawasaki, 2004), in the same way that parenthood is not only about conception (Stevenson & Amabile, 2008).
- b) The essence of micro-economics lies in the competitive system, where the profit maximisation objective of the firm is determined by the environment, and obtaining information from that environment to make decisions (Cyert & Hedrick, 1972). Very few researchers have, however, attempted to see if the (entrepreneurial) firm has 'insides, so to speak' (Penrose, 1959). Consequently, researchers have concentrated more on the external

opportunity-seeking and risk-taking posture of entrepreneurs, with less focus on the organisation of resources to both pursue said opportunities and manage attendant risks, for example.

c) While much literature exists in terms of the enterprising nature of most entrepreneurs in exploring and exploiting opportunities, relatively little looks at how the ability to evolve in tandem with external and internal changes is central to the enduring success of enterprises. Numerous studies of entrepreneurs tend to focus on the willingness to take risks as the key indicator of entrepreneurship (Stevenson & Amabile, 2008).

d) Baaij (1996) concurs and says that the strategic management discipline seems to have offered few analytical techniques for dealing with the transformation of firms and the environment. As mentioned in Brown and Eisenhardt (1998), constant change has become the norm in contemporary business. In addition, the internal environment is as much a source of opportunity as is the external one. Clearly, the creative destruction (Schumpeter, 1942) of internal equilibrium is also important, because it is only when a firm can evolve that it can survive and grow.

e) Research shows that most companies fail to execute strategy successfully (Kaplan & Norton, 2005). Unfortunately, execution has received little research attention historically (Ansoff, 1987), as well as in the business world these days (Bossidy & Charan, 2002), as is discussed further in Section 2.5.4 below. There is an increasing premium now being placed on execution or implementation to complement strategy formulation. Innovation and entrepreneurship are innately about practice (Bessant & Tidd, 2007).

f) Entrepreneurship has been variously defined as mobilising resources towards the pursuit of opportunity. However, the coordination, integration, alignment and synergising of said resources within a resource management framework have seldom been attached to successful entrepreneurial behaviour.

These gaps are critical to understanding the need for a new paradigm of entrepreneurial strategy concluded upon in Section 2.4.3.

2.4.3 Conclusion

An updated model for entrepreneurship, which combines the best of individual enterprise and corporate strategic management attributes in one paradigm, is lacking. This is so because the established businesses face different issues from those faced by the solo entrepreneur, yet they need to learn and adapt to new and distinctive difficulties. The existing business, for instance, knows how to manage but needs to re-learn how to be entrepreneurial and innovative. The new venture may be entrepreneurial and innovative, but it needs to learn how to manage as well (Drucker, 1985b) to survive and grow. This is still very relevant today, if not more so given increased competition and change.

A strong rationale exists for a ‘best of both breeds’ construct of entrepreneurial strategy, given a shift from the historical view of entrepreneurship as new enterprise only, to incorporating entrepreneurship in existing organisations. The best of both worlds is in the organisation managed by intrapreneurs who follow principles of entrepreneurship (Luchsinger & Bagby, 1987).

The definition of this emerging paradigm of entrepreneurial strategy should add to the enterprise aspect, the ability of firms to execute and to evolve on an ongoing and sustainable basis. Ultimately, it appears that entrepreneurs must close a few gaps to achieve their objectives:

- Enterprise gap – difference between opportunities and the organisation’s ability to exploit them.
- Evolution gap – difference between industry-expected change and an organisation’s capacity to make and oversee change (Elbert, 2008).
- Execution gap – difference between what a company’s leaders need to accomplish and the capacity of their firm to deliver it (Bossidy & Charan, 2002).

In this way, not only are organisations created, but growth is also achieved (Davidson et al., 2006).

The elements of this new view of entrepreneurship are explored in Section 2.5 below.

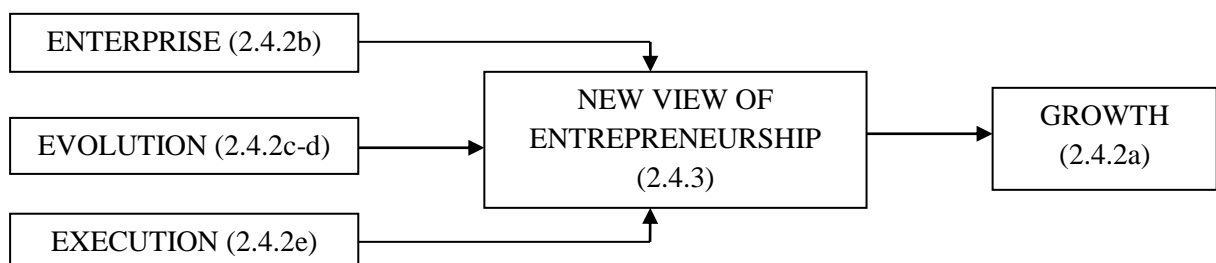
2.5 TOWARDS A NEW CONSTRUCT OF ENTREPRENEURSHIP

2.5.1 Introduction

Few researchers have tried to understand what happens inside an entrepreneurial firm, as the entrepreneur has always been an agent of external disruption and change through innovation from a Schumpeterian view. The strategic management discipline is increasingly concerned with understanding the internal processes that coordinate the firm's activities, as highlighted by Rumelt et al., (1991). There may be something inherent in the very nature of the entrepreneurial firm that promotes its growth and can limit its growth if it were not well managed. The purpose of Section 2.5 is to define this entrepreneurial behavior in a manner consistent with the problem statement and research question raised in Chapter 1.

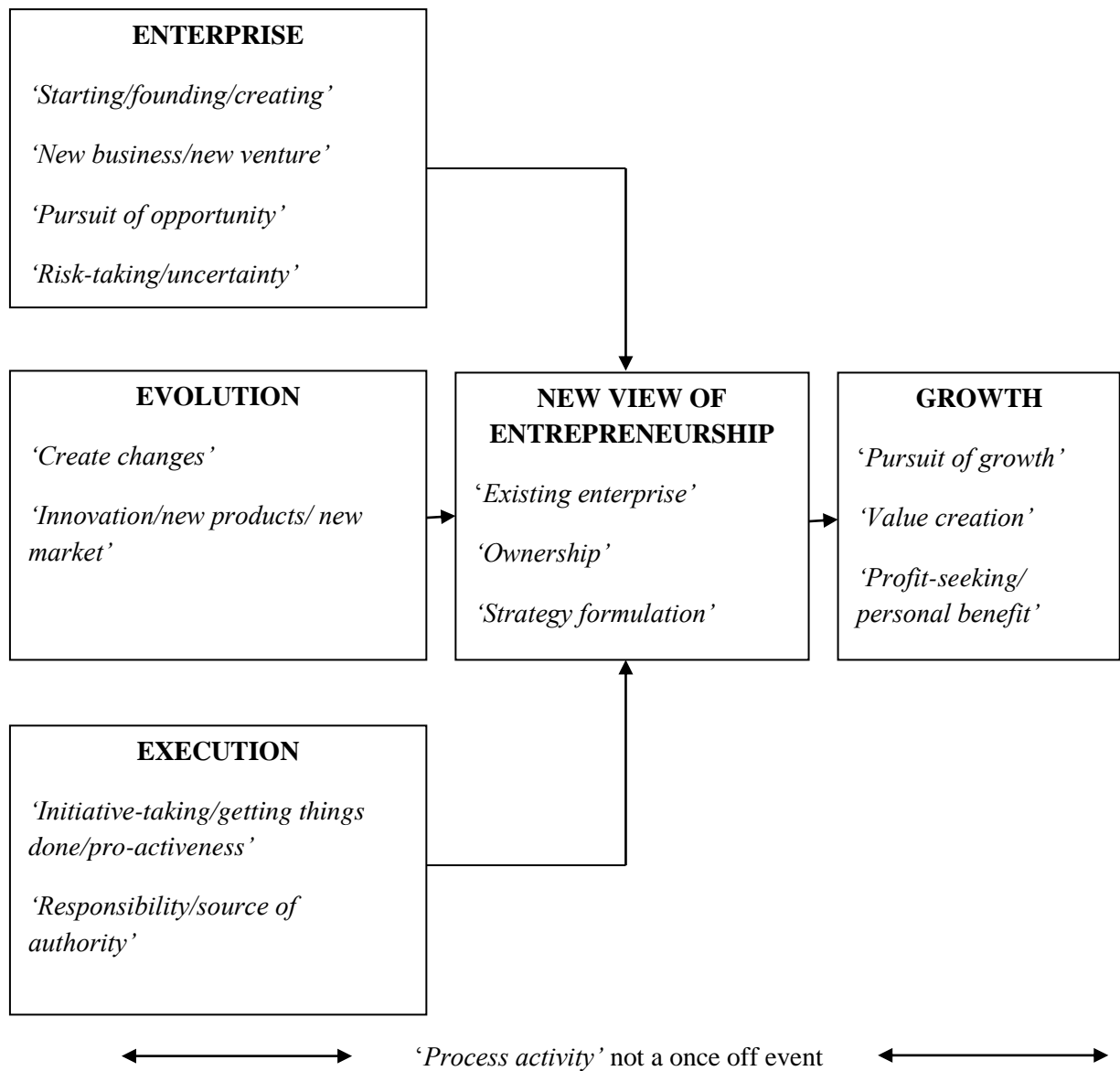
Ohmae (1982) recommends a method used by strategists of abstraction. The initial step in the abstraction process is to use the key words in the definition of entrepreneurship in Section 2.3.4 to assemble and itemise relevant words. These words in the literature review were then classified under a smaller number of headings per their common factors. Next, definitions sharing common denominators were themselves combined into groups. The process of abstraction enables the bringing of crucial issues to light without the risk of overlooking anything important, and allows the addition of factors that are necessary to complete the generation of solutions, as outlined in Figure 2.9 below:

Figure 2.9: A New View of Entrepreneurship



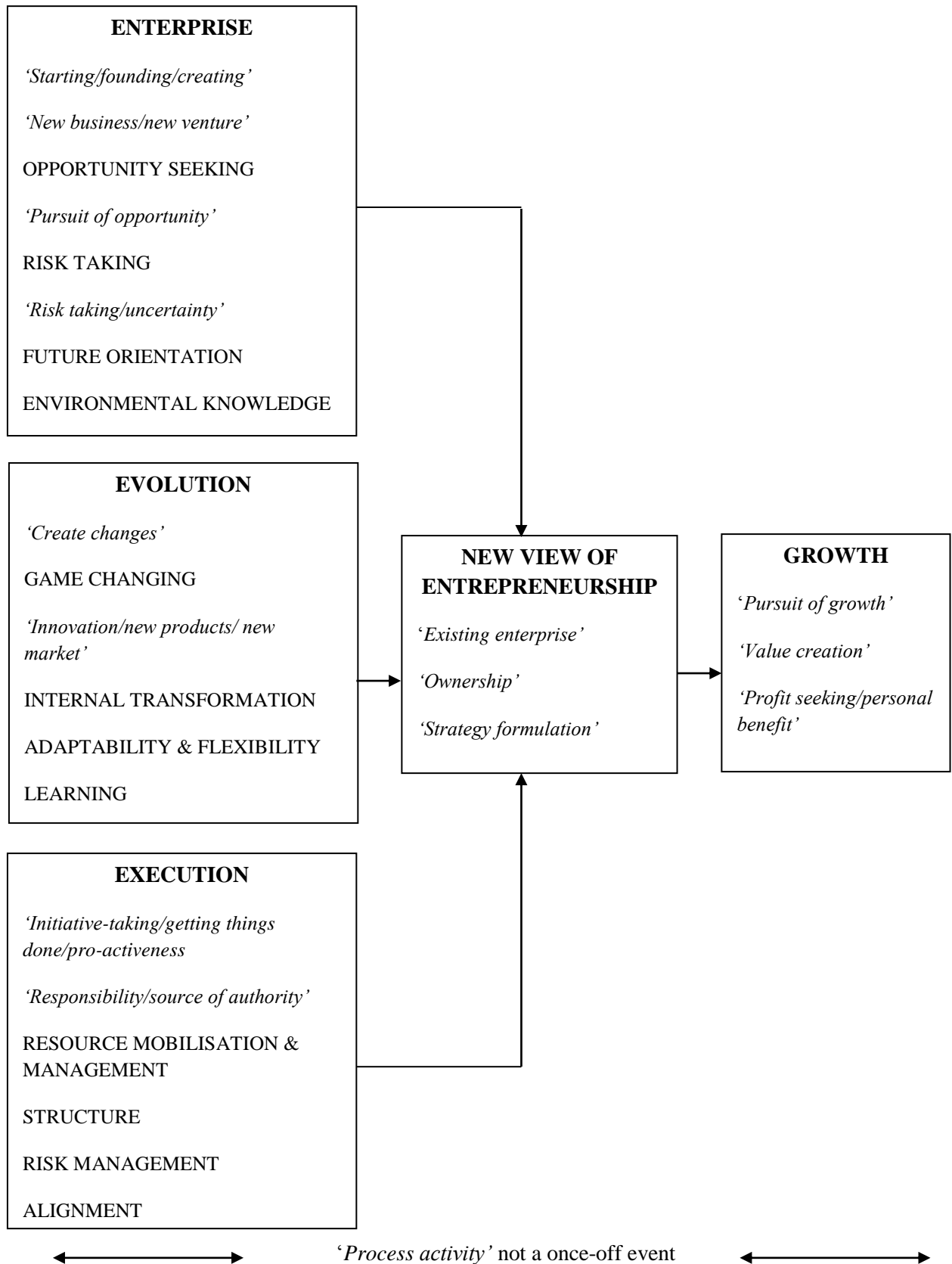
Source: Researcher's own compilation, 2016

In the context of this new view of entrepreneurship in Figure 2.9 above, and reflecting on the literature review thus far, the key words from the definition of entrepreneurship from Section 2.3 above can be reflected as follows:



Source: Researcher's own compilation, 2016

However, key knowledge gaps remain, as discussed above, and this necessitates the following iteration:



Source: Researcher's own compilation, 2016

Based on the assessment of literature and the terms used to define entrepreneurship considered above, the researcher proposes to look at the confluence of three recurring themes: Entrepreneurship as Enterprise, Entrepreneurship as Evolution and Entrepreneurship as Execution.

The rest of Section 2.5 discusses these three themes in detail.

2.5.2 ENTERPRISE (EN)

2.5.2.1 Introduction

Indeed, the modern economy is a dynamic and constantly-changing system whose direction is impossible to predict. However, there is confirmation that numerous organisations have survived, grown, and kept up their positions as pioneers in their fields by effectively cultivating an entrepreneurial approach (Johnson, 2001).

The French word ‘entrepreneur’ comes from the word enterprise (Luchsinger & Bagby, 1987), which Schumpeter (1947) defined as the setting-up of an entity that embodies a new idea. The German equivalent term means to undertake (Luchsinger & Bagby, 1987).

Entrepreneurship is thus about new enterprise (Davidson & Wiklund, 2001). This section expands the theme of enterprise (En), as discussed in Section 2.5.1 above, and illustrated in Figure 2.9 by looking at its constituent elements of Future Orientation (FO), Environmental Knowledge (EK), Opportunity-Seeking (OS) and Risk-Taking (RT).

2.5.2.2 Future Orientation (FO)

a) Introduction

As early as the mid-1960s, Von Mises (1966) pointed out that entrepreneurs are concerned not with what is currently prevailing, but what new reality can be created and can be distinguished by their unique view of the future. They imagine the future, discover opportunities, and develop innovative ways to tap into these identified opportunities (Morris et al., 2008).

Because of the ability to alter as circumstances dictate, entrepreneurial strategies recognise that intended and realised strategy may differ due to the uncertainties of the business landscape (Mintzberg, 1987a). The key, then, is to think of strategy as a plan to create value that is founded on predictions of the future (Mintzberg, 1987b). This view implies a major redesign of the strategic planning process (Beinhocker, 2006) to emphasise the future and the business practitioner’s place and influence on it.

b) Vision

Entrepreneurship is the capacity to create a business from a dream or a vision (Timmons, 1994). The concepts of strategy and leadership have recently been combined into strategic vision. Strategic visionaries are leaders who use their familiarity with the relevant issues to innovate and add value. Visionary leadership therefore encourages innovation (Westley & Mintzberg, 1989). Vision and the ability to learn create strategy without the need for formal planning. The latter is reliant on a solitary innovative strategist, and the former on an assortment of players who experiment and integrate. While all three processes must work together for any organisation to be effective, an over-emphasis on the planning tends to drive out the other two. The visionary methodology is a more flexible way to deal with uncertainty, as changes that seem disruptive to organisations that depend on planning may be par for the course for those that employ more of a visionary or learning approach (Mintzberg, 1993). It is an entrepreneurial time and this requires visionary leadership as well as initiative (Morris et al., 2008). Vision provides an organisation with its bearing (Anderson et al., 2001) and its true north, so to speak.

Entrepreneurs normally have a vision of what they want to achieve.

c) Purpose

Beinhocker (2006) asks how companies can envision and set a strategy when the future is itself unknowable and difficult to predict (Johnson, 2001).

The beginning point in determining the future is for an organisation to define its purpose. This gives its actions coherence and ensures that the firm differentiates itself from its competitors and makes superior profits (Mourkogiannis, 2006). The CEO of General Electric which was founded from the innovation of Thomas Edison, Jeff Immelt, adds that entrepreneurs are purpose-driven (General Electric, 2013).

Entrepreneurs are driven by a purpose.

d) Anticipation

The customary way to strategise assumes that by adopting a set of analytical instruments, business leaders can anticipate the future of any business precisely enough to permit them

to pick a strategic direction (Fontela, Guzman, Perez & Santos, 2006). Hence, forecasting in a fast-changing environment requires entrepreneurs to consider alternative scenarios (Fontela et al., 2006) to better foresee and manage the future as it gets to be a reality.

Forecasting is about the precognition of future trends and events on the assumptions that the future is unknown, different alternative options are conceivable and that decision-makers have a free role (Fontela et al., 2006). Managers need to have a good grasp of competitive environmental trends (Schoemaker, Day, Gosselin & Van Der Elst, 2009). But, unfortunately, this assumes linearity which is not always the case. What happens when the environment is so ambiguous that no measure of investigation will permit an accurate forecast of the future (Courtney, Kirkland & Viguerie, 1997)?

Scenario-thinking has turned out to be prevalent as an organised approach to envision, plan, assess risk and comprehend new growth opportunities so much so that it may be more of an imperative than traditional forecasting (Schoemaker et al., 2009). Ohmae (1982) encourages the consideration of alternatives in planning which require managers to pose “what if” questions. In this way, business leaders who can appreciate alternative futures are better situated to exploit the unexpected opportunities that may emerge in the future. So, there is currently a more entrepreneurial usage of scenario-planning where it is not only used as a contingency-planning device, but also a source of ideas and innovation. For some fast-growth firms, the problem is that they have too many choices, so they use scenario-planning as an opportunity management device, and not only as a risk management tool (Schoemaker, 1995).

e) Foresight

Industry prescience, which is a capacity to consider the impact of economic, political, regulatory and social changes, is important. Envisioning, anticipating the future and providing strategic direction, and then moving towards it through resource allocation, skill mix management and execution during complicated changes, is key to sustainable success (Prahalad & Hamel, 1994). For example, at Boston Consulting Group, people routinely monitor and discuss changes in the corporate environment and track their discoveries, thus enabling them to spot rising trends early (Randall, 2008).

Companies aim to reduce the element of surprise and to constantly foresee major emerging opportunities and challenges before competitors (Schoemaker et al., 2009).

f) Conclusion

We live in a stormy environment where prediction of the future is hard and long-range planning generally holds limited utility.

An effective strategy results in the correct anticipation and response to environmental changes (Ireland & Webb, 2007). Hence, entrepreneurial strategy partly involves gaining an understanding of environmental conditions and using this knowledge to act (Marengo, 1996). This is discussed further below.

2.5.2.3 Environmental Knowledge (EK)

a) Introduction

Entrepreneurial opportunity is the perspective taken about the possible future state of the business environment (Hunter, 2013). In the discussion on the importance of resources to a firm's success above, knowledge was revealed as an increasingly important asset and that learning is a critical element of a vibrant organisation. Despite this, almost no deliberate consideration has been paid to the issue of environmental knowledge, where it is produced, gathered, kept and utilised to improve corporate performance (Rayport & Sviokla, 1995). Few organisations have figured out how to turn the massive amounts of data available to them into islands of insight about their best opportunities for growth (Baghai, Smit & Viguerie, 2009). The problem is likely to increase with the advent of big data.

Creativity and innovation, however, relate to the process of creating and applying new knowledge (Gurteen, 1998). Entrepreneurs use knowledge to create new innovative ideas (Lassen, 2007). This is important, as growth is partly a function of knowledge acquisition (Kozan & Akdeniz, 2014).

b) Knowledge and Firm Performance

Knowledge is an important asset for all firms at a time of intense global competition.

Company success is often a result of the knowledge of entrepreneurs, who obtain specific knowledge to innovatively exploit new opportunities within their industries to improve performance (Omerzel & Antoncic, 2008).

Today, in the most difficult economies, successful entrepreneurs use knowledge to link the old with the new (Omerzel & Antoncic, 2008).

c) Information Asymmetry

Opportunity is developed from incomplete information in the environment (Hunter, 2013). The ability to convert opportunity into value depends on the ability to benefit from, create information asymmetries and to continuously modify behaviour through learning. Cohen and Winn (2007) contend that information asymmetries provide significant opportunities, as they can only be exploited by those with a profound knowledge of their environment. Imperfect knowledge and uncertainty are closely linked (Rakow, 2010), given that information or knowledge is always insufficiently available to aid the understanding of environmental conditions.

These information asymmetries provide entrepreneurial opportunities that are not equally recognisable to everyone. The entrepreneur develops a superior knowledge of the environment and market information imperfections, thus leading to opportunism, the capture of first-mover advantages and the appropriation of rentable opportunities (McGrath & MacMillan, 2000).

One of the trademarks of entrepreneurship (Stevenson & Jarillo, 1990; Lumpkin & Dess, 1996; Mahoney & Pandean, 1992) is being able to spot opportunities for entrepreneurial profits (Kirzner, 1973)

d) Environmental Awareness

Sustainably innovative firms have a generally profound knowledge of their environment, which is the primary source of opportunities and threats. This environmental awareness assists in the creation of the most appropriate strategies with which to confront and exploit environmental conditions (Garcia et al., 2006) and enhance performance (Zahra, 2012).

Entrepreneurs have a keen environmental awareness (McDonald, 2002) which can significantly improve their ability to counter competition (Zahra, 2012).

e) Strategic Issue Management

Environmental turbulence and the growing incidence of issues which come from unforeseen sources and have a rapid effect on the business make Strategic Issue Management (SIM) a useful ally to periodic planning (Ansoff, 1980). A strategic issue is an imminent development which is prone to vitally affect the capacity of the entity to meet its targets (Ansoff, 1980). It may be an external opportunity or threat, or an internal strength or weakness. Often, external threats indicate significant developments in the environment which can be converted into opportunities by entrepreneurial management (Ansoff, 1980).

SIM is a planning and management system (Ansoff, 1980) which views this environment as something that can be manoeuvred by the firm to achieve its own ends and not something settled and unchanging (Prahalad & Hamel, 1994).

A SIM framework is an efficient procedure to identify and quickly react to vital patterns and events both inside and outside an organisation (Ansoff, 1980). Integrative approaches may mean that an organisation sees more galvanising events in general, and sees them earlier (Kanter, 1983).

For instance, successful entrepreneurs continually build up their skills and obtain exact knowledge which enables them to exploit new opportunities within their operating environments (Omerzel & Antoncic, 2008).

f) Entrepreneurial Knowledge

Globalisation and innovation have set off a shift away from conventional notions of capital towards knowledge as a form of valuable capital (Audretsch, 2007). In the fast and persistent environment, information and knowledge are of interest to entrepreneurs (Dorin & Alexandru, 2014). Entrepreneurial knowledge entails getting information about the source and method of obtaining resources, and using them profitably (Alvarez & Busenitz, 2001).

The entrepreneur's role subsequently depends more on the capacity to organise specific knowledge about opportunities within the environment (Alvarez & Busenitz, 2001). So, engaging in methodical exploration and research gives entrepreneurs substantial knowledge about their environment and enables them to comprehend the available opportunity set (Murmann & Sardana, 2013).

g) Conclusion

For entrepreneurs, the environment is not something set in stone, but is malleable and can be manipulated by the firm to achieve its own objectives (Prahalad & Hamel, 1994). High-growth entrepreneurs find opportunity by being in touch with their surroundings (Neill et al., 2015) as well as being responsive to environmental change (Ireland & Webb, 2007). The strategy of a growing firm therefore results in the transformation of environmental reality into actionable processes for the firm (Marengo, 1996).

2.5.2.4 Opportunity-Seeking (OS)

a) Introduction

The core of seeking opportunity is about seeing the future (Hunter, 2013). The future was discussed in Section 2.5.2.2 above. Strategy is a perspective, a mental map or an entrenched manner of seeing reality (Mintzberg, 1987a).

Entrepreneurs are different from non-entrepreneurs in that they tend to be forceful pacesetters who innovate and take advantage of new markets, unlike most non-entrepreneurs. The entrepreneur seeks opportunity and manages risk at the same time to limit the downside of said opportunities (Sarasvathy, 2014).

b) Strategy

A firm's strategy relates to how it competes successfully and secures opportunities (Durand, 2006). Strategy is a plan (Mintzberg, 1987a).

Strategy is also about positioning, where a company can determine a position that it can guarantee as its own (Markides, 1999a). Although most small businesses do not engage in systematic planning, research shows that formal strategic planning can improve the performance of rapidly growing SMEs (Murmann & Surdana, 2013).

c) Entrepreneurial Strategy Making

Business managers nowadays are continuously tested by discontinuities brought about by globalisation, greater market instability, and hyper-competition in various segments (Dess et al., 1997). Such tense environmental conditions make it more difficult to assess opportunities and challenges when making strategic decisions (Guth & Ginsberg, 1990).

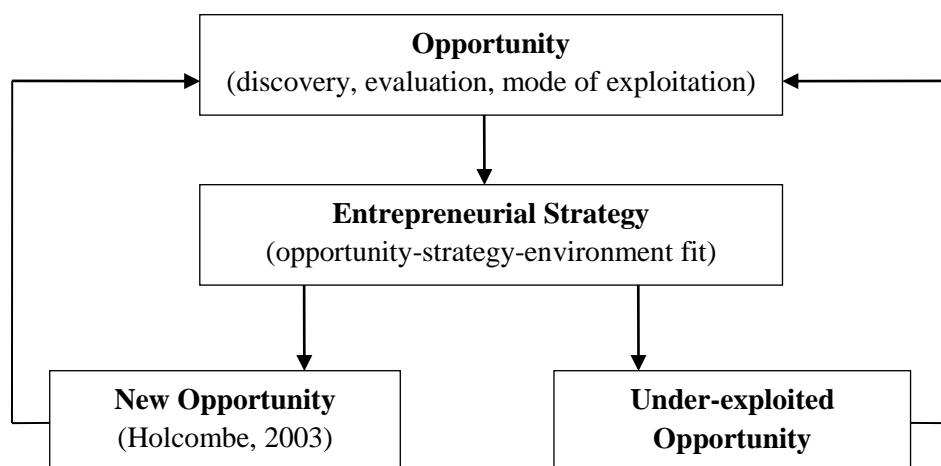
Consequently, to manage such difficulties, an entrepreneurial approach to strategy-making (ESM) and decision-making may be essential to achieve sustainable organisational success (Dess et al., 1997).

It seems that the more challenging the firm's environments, the greater the need to be entrepreneurial (Miller, 1983).

d) Entrepreneurial Strategy Decisions

The entrepreneur is confronted by a few strategic options such as market position desired, resources required, type of venture structure and how to innovate, in the anticipation of future opportunities (Plummer et al., 2007). Entrepreneurial strategy represents the evaluation and exploration of new and under-exploited opportunities in the environment, as demonstrated in Figure 2.10 below:

Figure 2.10: A Basic Framework of the Entrepreneurial Process



Source: Plummer, Haynie and Godesiabo, 2007

However, the strategies to answer such questions need not be deliberately formulated, but can also arise as the situation dictates (Mintzberg, 1990). This is even more important and difficult under conditions of uncertainty (Murmanna & Surdana, 2013). Subsequently, a systematic and planned decision-making can improve performance within an indeterminate and competitive business landscape (Kraus & Kauranen, 2009).

e) Emergent Strategy Formation

As indicated by Mintzberg (1973), strategy-making mostly falls into three forms: that is, the entrepreneurial, where strategy-making is about new growth opportunities in a pliable market domain; the adaptive mode characterised by the reaction to current issues rather than the active pursuit of new opportunities; and the planning mode, where planning precedes action.

Few organisations can rely on a purely single mode, and it is more likely that an organisation will find some combination of the three that reflects its own needs and situation. As most organisations move through their lifecycle, almost all begin in the entrepreneurial form, later shifting to an adaptive approach and others migrate to planning or even return to entrepreneurship as they grow older (Mintzberg, 1973). The key is for organisations to remain in entrepreneurial mode as they navigate the various strategic inflection points along their growth and development path (Hamel, 2009).

Hence, strategies do not always need to be planned, but can also come out in response to an evolving situation (Mintzberg, 1990).

f) Conclusion

Mintzberg (1987b) considers managers to be akin to craftsmen, who combine strategy formulation and implementation, resulting in breeding innovation.

Entrepreneurs exploit the opportunities that have not been seen or acted upon by others (Palich & Bagby, 1995). The crafting of strategies to exploit opportunities belies the growth of firms.

2.5.2.5 Risk-Taking (RT)

a) Introduction

Risk is a key concept in the literature of entrepreneurship, as entrepreneurs are viewed as risk-takers (Densberger, 2014). This is probably true, as beginning a business or engaging in new economic activity entails risk and necessitates a comparable risk-taking posture (Block, 2015). Another smaller school of thought sees entrepreneurs as utilising systematic risk management methodologies (Murmann & Sardana, 2013).

Risks are either classified as preventable, strategic or external (Kaplan & Mikes, 2012). Preventable risks are internal risks that emerge from within the firm, are controllable and avoidable. Strategic risks generate superior returns from a chosen growth strategy, following the higher-risk, higher-return view of opportunity exploration. External risks come from outside the company, cannot be avoided or controlled and are largely reminiscent of uncertainties, as described in Section 2.3.4.5 above. External risks cannot be prevented and hence management must focus on identifying potential risks and mitigating their impact (Kaplan & Mikes, 2012).

b) Risk-Taking

An entrepreneur carries the risk and participates in key activities to build up, incorporate, integrate and maintain business operations (Yeung, 2002). For Van Aardt et al., (2008), an entrepreneur is an overseer and bearer of the risk of an entrepreneurial firm.

c) Constructive Risk-Taking

As an organisation grows and develops, there is a ceaseless requirement for constructive risk-taking as opportunities are assessed and pursued (Miller, 1983). Constructive risk-taking involves minimising or avoiding risks which may have a significantly negative impact on the organisation.

d) Risk Minimisation

Palmer (1971) holds that entrepreneurship requires both risk-taking and risk management within a business. Risk may be controllable with the right measures. For example, internal preventable risks can be reduced, prevented or eliminated, through checking internal

procedures and inculcating behavioural standards to be conformed to (Kaplan & Mikes, 2012). Strategic risks require the implementation of a risk management system to minimise both the likelihood and impact if they occur (Kaplan & Mikes, 2012).

The effective entrepreneur can sensibly identify and assess the risk and after that decide the appropriate strategies to minimise the risk. However, SMEs tend to take an active or passive risk management style, depending on their size, sector and ownership (Brustbauer, 2016). Sustainably-successful entrepreneurs, contrary to those who fail, are disciplined in managing risk as required by the circumstances (Murmann & Sardana, 2013).

Thus, an entrepreneur should both assess risk in each situation and take measures to minimise and manage that risk (Gartner, 1985).

e) Risk Orientation

Entrepreneurship is also the process by which firms rejuvenate themselves as well as their markets by risk-taking (Lumpkin & Dess, 1996). To deal with change, firms require a risk orientation (Josien, 2012).

f) Uncertainty

We live in a time of uncertainty, and risk is certainly related to this state of ambiguity.

For entrepreneurs, uncertainty provides profit opportunities that would not emerge where risk can be computed (Rakow, 2010). Be that as it may, unlike risk which can be managed, uncertainty cannot be easily reduced, as future events are unpredictable and unknowable. Hence, firms in turbulent environments must understand and better handle uncertainty, in order to grow and succeed (Freiling, 2009).

In the future, successful firms will be defined by the ability to manage uncertainty better than their competitors. In fact, the absolute best will be to make instability for their rivals (Stalk, 2008).

g) Conclusion

Entrepreneurship requires a willingness to take risks (Morris et al., 2008), to deal with uncertainty and to minimise or manage risk. To survive and grow, entrepreneurs must take

calculated risks where the probability of loss is quantifiable, comparatively lower and the possibility of gain is high. The taking and management of risks is a task that should be executed during both the start-up of a venture, as well as during its growth (Freiling, 2009).

Successful entrepreneurs take calculated risks.

2.5.2.6 Conclusion

The ability of entrepreneurial firms to continue to generate growth through continuous enterprising behaviour is vital to success. This enterprise aspect is represented by the ability to scan the current environment, as well as view the future as a source of new risk-adjusted opportunities.

2.5.3 EVOLUTION (EV)

2.5.3.1 Introduction

Change has now become a normal part of business because of globalisation (Kanter, 1999). As indicated by Friedman (2005), extreme, high-speed change is reshaping business such that customary approaches to strategy are not sufficient anymore and may need to be replaced by a different perspective (Brown & Eisenhardt, 1998). Organisations that can grasp this new dispensation will see that it opens new vistas. Alternatively, those that fail to adjust rapidly enough will fall behind or be overtaken by those that have figured out how to contend in the new world (Friedman, 2005).

Given the pervasiveness of change, it is critical to manage that change and to strategise successfully for rapidly- and unpredictably-changing industries (Brown and Eisenhardt, 1998) that additionally revamps the organisation, management and mindset to grab these opportunities (Fung, Fung & Wind, 2007).

Capitalism is an evolutionary process whereby the fundamental driver of the capitalist engine in motion comes from entrepreneurs, who create revolutionary innovations that render rival positions obsolete (Schumpeter, 1942). Interestingly, managing uncertainty is closely linked to the innovations that go along with capitalism. Uncertainty also goes with any attempts at organisational renewal (Freiling, 2009). Fortunately, successful entrepreneurs view change as typical, always look for change and manage it as an opportunity (Drucker, 1985b).

How entrepreneurs can do this is discussed in the next sections, which reveal more about the theme of evolution, as discussed in Section 2.5.1 above, and illustrated in Figure 2.9 by detailing the Game-Changing (GC), Internal Transformation (IT), Adaptability & Flexibility (AF), and Learning (L) behaviours that belie it.

2.5.3.2 Game-Changing (GC)

a) Introduction

The entrepreneur can either create an innovative product or process that up-ends the existing industry or, alternatively, could have an abnormal opinion on how external change will affect the industry or business (Bhide, 1994).

Markides (2008) asks how a firm can find and pursue a game-changing business model in its industry in a period where, for many, the utilisation of resources and skills to create value for customers is a great difficulty.

b) Agility

Ceaseless and dynamic change is affecting firms over various sectors (Ireland & Webb, 2007). Companies need to be agile and quick for them to be first with the quality service, deliver new customer requirements, apply new technology and adjust to changes readily (Kanter, 1999).

Agile companies rapidly spot and exploit new game-changing business opportunities, and identify them more rapidly than their competitors. They also move internal resources from unprofitable to more profitable ones (Sull, 2009).

Agility, as a dynamic capability, can create sustained value for entrepreneurs (Mishra & Zachary, 2015) and can explain long-term firm performance (Teece, 2014).

c) First-Mover Advantage

Corporate entrepreneurship (CE) includes different types of change processes such as domain redefinition which entails creating new capabilities to investigate potential new markets and products to create first-mover advantage. The critical aspect of opportunity is the ability to see it in the first instance, and then act upon it before others (Hunter, 2013), or an entrepreneurial strategy that Drucker (1985a) calls ‘fustest with the mostest’.

Each organisation needs to investigate how its innovative capabilities can be refined, restored, changed and acknowledged within the firm (Brown & Eisenhardt, 1998) and make for a favourable competitive positioning.

d) Radical Redefinition of Business

Radical redefinition firms are the genuine pioneers who restate their organisations and processes in progressive new ways. Such organisations as a rule follow one of four strategic routes towards the future (De Toni and Tonchia, 2005), as shown in Figure 2.11 below:

Figure 2.11: Strategic Paths to the Future

FOLLOWER/LEADER			
		Reactive	Proactive
DEGREE OF CHANGE	Revolutionary	Turnaround (swamped by waves)	Radical Redefinition (making waves)
	Evolutionary	Adjustment (catching the waves)	Anticipation (riding waves)

Source: De Toni and Tonchia, 2005

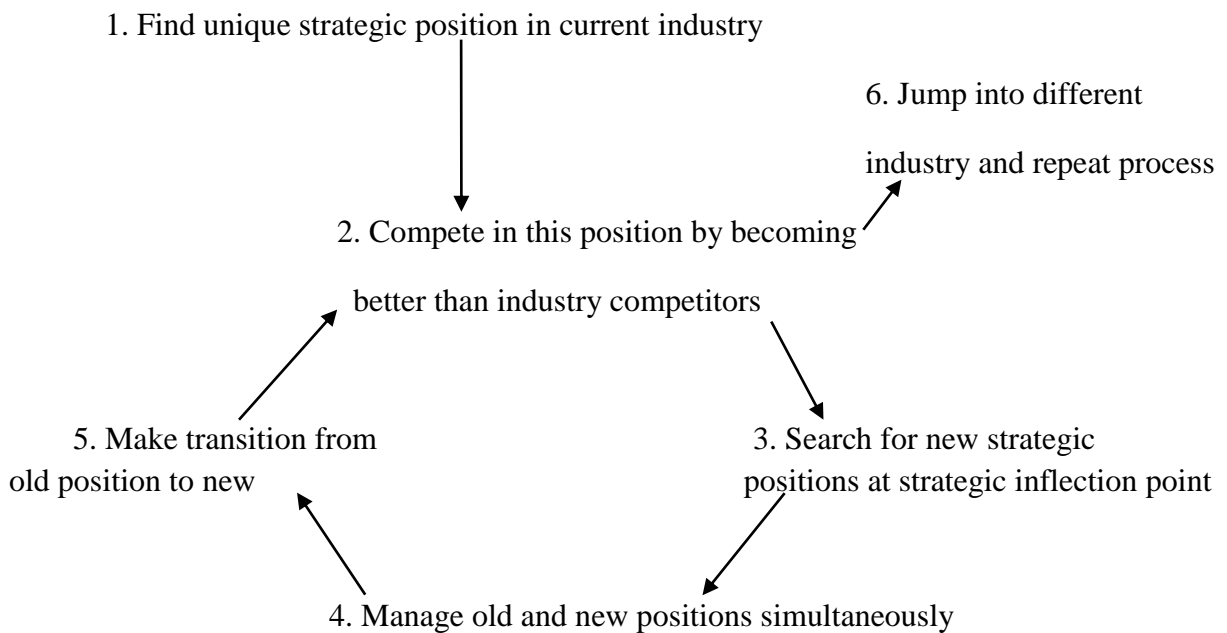
There are four main types of companies that pursue various paths to the future, as defined in the model above: that is, reactive turnaround companies that are overwhelmed by change, companies that adjust late to change, companies that see new trends as they form and take advantage and, lastly, those proactive and revolutionary companies that redefine the game radically. Entrepreneurs foresee gaps, and act well ahead of competitors to move to new strategic positions (Markides, 1999b), as discussed below.

e) Dynamic Strategy

Coming up with an effective plan of action is an endless pursuit, as a company must constantly review its responses to the ‘who-what-how’ questions, keeping in mind the end goal to stay adaptable and be prepared to change its strategy (Markides, 1999a).

According to Markides (1999b), a firm must change to the new strategic position, using the model presented in Figure 2.12 below:

Figure 2.12: Elements of a Dynamic Strategy



Source: Markides, 1999b

By using the dynamic approach illustrated in the model above, firms become more proactive in that change is driven from inside the firm itself and not only from the outside environment (Garcia et al., 2006). Thus, entrepreneurs who are viewed mostly as external agents must also develop dynamic change competencies to maintain a competitive edge.

Hamel and Prahalad (1994) contend that business leaders must spend time developing a unique view of the future, as expounded by Von Mises (1966), and must assess how the industry will look in five or ten years, how to guarantee that the industry advances in a manner that suits the business, and what aptitudes and abilities must be developed now for future opportunities that may not be part of the current configuration of the business.

f) Industry Clock Speed

Paladino (2007) refers to research that has been done on industry rate of change or clock speed, and its impact on firms that fail to align themselves to it. The quicker the pace of industry change, the more transient the competitive advantage of the firm. A disparity between the speed of external industry change and the speed of internal company change necessitates organisational transformation (Hamel & Prahalad, 1994).

Consequently, the time available to implement strategies to achieve results has been compressed and entrepreneurs need to implement new and fast solutions to leverage competitive advantage.

g) Conclusion

Specifically, turbulence in the outside environment is bringing about an essential change in the inner operations of organisations, as outer change drives interior change. Furthermore, leaders are faced with fewer opportunity streams and shorter windows of opportunity, meaning they must act rapidly now or risk missing out on opportunities.

Companies that are more versatile, flexible, adaptable, agile, quick, forceful and innovative are better situated to both acclimatise to a complex, dynamic and challenging external environment, as well as to make change in that environment. By profoundly reframing their business models and crafting dynamic plans of action, firms can use their deftness and dexterity to take advantage of the small windows of opportunity and achieve faster speed to market.

Entrepreneurial firms do not take the outside environment as a given. They are themselves change agents in this malleable environment referred to before, who lead customers as opposed to tailing them, craft novel areas for business activity and essentially change the rules of the industry game (Morris et al., 2008).

2.5.3.3 Internal Transformation (IT)

a) Introduction

The capacity to deal with the sort of strain brought about by fast-changing circumstances is a critical differentiator between being successful and facing declining performance over time (Ireland & Webb, 2007).

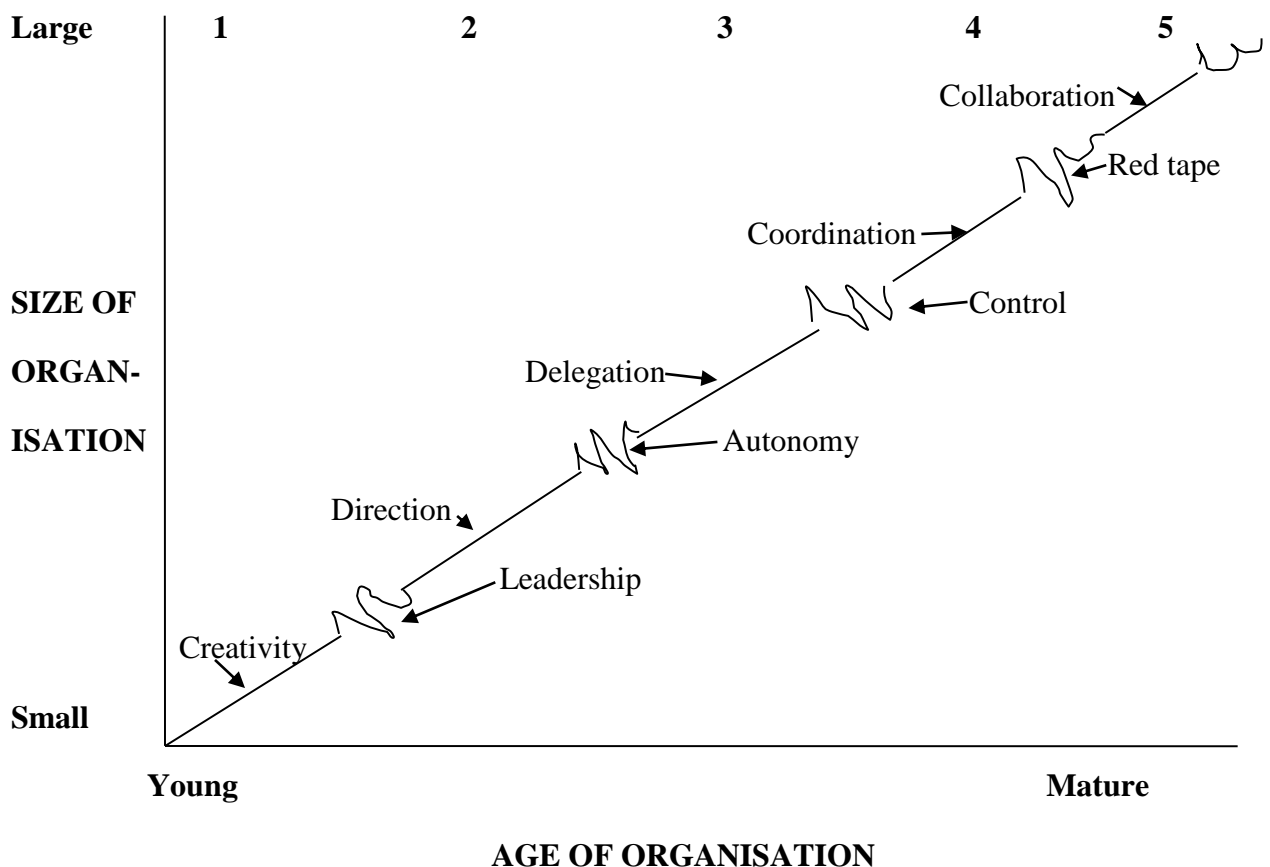
Various changes in operations, structure and culture must be made for a firm to move from exploiting current origins of today's competitive success and exploring new opportunities to create future wealth (Ireland & Webb, 2007). The key factors that influence this internal transformation are dealt with in this section.

b) Lifecycle

As organisations develop and grow older and larger, they progress through a series of formative stages (Greiner, 1998) where every stage starts with an evolutionary time of relative steadiness, and finishes with a revolutionary time of great upheaval.

Entrepreneurship is part of the organisational lifecycle (Hunter, 2012). What is more is that the entire lifecycle idea relates to the birth, development, growth and death of all forms of life (Kraus & Kauranen, 2009), whether biological or legal. The ability to manage the revolution influences whether an organisation will evolve (Greiner, 1998), as reflected in Figure 2.13 below:

Figure 2.13: Five Phases of Growth



Source: Greiner, 1998

Key

Evolution: stages of growth ———

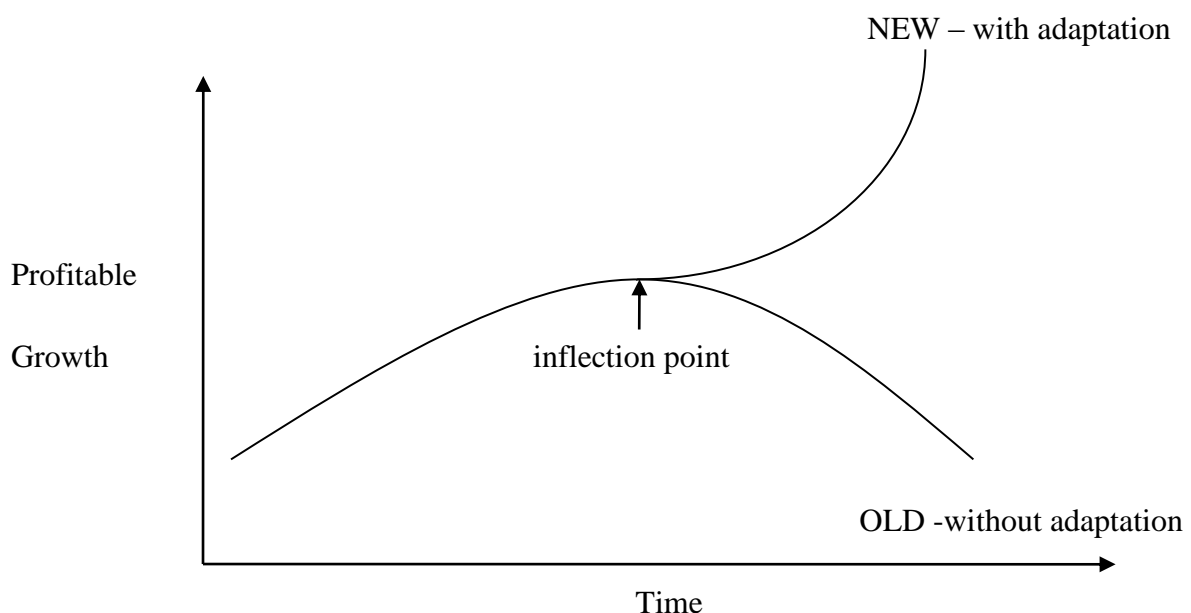


As processes that function well in one stage may create a crisis in another stage, the critical role of leaders in each revolutionary stage is to apply a different process that can form the basis for traversing successfully to the next period of evolutionary development (Greiner, 1998). An entrepreneur of the future must be in tune with the evolving needs of his firm and must foresee each life-cycle stage, as well as the other stages of growth suggested by Greiner (1998), to ensure that the firm evolves. Successful growth-oriented entrepreneurs know where they are in the developmental sequence, realise that solutions to each lifecycle stage create new problems (Greiner, 1998) and manage accordingly ahead of crises.

c) Strategic Inflection

The Strategic Inflection Point (SIP) is the stage at which the way a business operates, including its structure and underlying business model, undergoes a substantial change (Eisenhardt, 2008) as shown in Figure 2.14 below:

Figure 2-14: Strategic Inflection Point



Source: Grove, 1997

At this inflection point, the direction of future change must be determined in terms of following the old path or adopting a new performance-changing strategy.

However, the SIP additionally indicates the centre of the transformation from one business model to another (Eisenhardt, 2008) which applies a huge strain on the firm. The capacity to bridle entrepreneurial processes is important in the performance renewal of large corporations in mature, declining or stagnant industrial segments (Ginsberg & Hay, 1994; Hagen, Tootoonchi & Hassan, 2005).

Businesses must realise and proactively respond to impending SIP (Grove, 1997) by applying a Strategic Issue Management (SIM) system, as discussed in Section 2.5.2.3 above, which allows a firm to foresee potential threats and weaknesses that precede an impending SIP. An entrepreneurial and innovative orientation can assist the firm to foresee, recognise and manage inflection points, and to manage accordingly in advance of their impact. If an industry leader's top management can come up with new strategic intent that exploits the new business environment, it can grow profitably or else it faces a diminishing performance outlook (Burgelman, 2004).

d) Evolutionary Advantage

As the competitive landscape changes, existing competencies must be de-emphasised or abandoned and new and valuable competencies developed to remain competitive (Hitt, Nixon, Clifford & Coyne, 1999). The theory of natural selection (Darwin, 1859) which influenced this research per Figure 1.1 is particularly analogous to the growth and survival of firms.

Firms must prepare to change in order to cope with a frequently unpredictable and often discontinuous environmental change, to maintain what Hamel (2007) terms as 'evolutionary advantage'. One of the inevitable trends in business, and a manifestation of evolutionary disadvantage, is the inability of companies that once led to remain leaders when market circumstances change (Hamel, 2007). They tend to be disrupted by more entrepreneurial and innovative players in the industry.

e) Entrepreneurial Intensity

The test that leaders today face is that of building an internal nucleus for ideas in their firms and for employees to follow through on these ideas. Lamentably, it is not easy to change a conventional firm to become entrepreneurially strategic.

Firms that have a high level of entrepreneurial power put enormous emphasis on viewing change and the instability that comes with it, as the basis for innovation and performance enhancement (Ireland et al., 2006).

f) Change Mastery

Change can be created at many levels in an organisation. Change-adept organisations encourage innovation, develop new concepts that set an organisation apart, and collaborate with partners who can improve its value proposition (Kanter, 1983). This is an assignment for leaders as change masters, whom Kanter (1983) defines as people with ideas that move past the firm's customary habits.

Entrepreneurial leaders as change process owners play a key in surmounting change (Kanter, 1983).

g) Conclusion

Mezias and Glynn (1993) maintain that there are three kinds of businesses: that is, those that anticipate change, react to change or ignore change. The first will flourish, the second will struggle to survive, and the third will not survive. For any type of innovation to be implemented, management must be able to recognise and support opportunities for change (Mezias & Glynn, 1993).

As a firm goes through its inevitable lifecycle from birth to growth to maturity or decline, it must achieve mastery over external change and navigate the myriad of strategic inflection points which create uncertainty in its business model. An entrepreneurially-intense environment embraces change, as well as the innovative ideas that ensure that a firm achieves evolutionary advantage, as Hamel (2009) calls it.

A successful entrepreneurial organisation must reorganise itself continuously to anticipate change.

2.5.3.4 Adaptation and Flexibility (AF)

a) Introduction

Adaptation occurs when a firm alters its system, strategy, structure or other core quality in response to feedback from the environment (Levinthal, 1996).

Flexibility is a predisposition to adaptation or change. It relies on the nature of the firm and the stance of its people towards change and the taking of risk (De Toni & Tonchia, 2005). Environmental instability makes resource fixedness a challenge. Resource flexibility is not needed in static industries. However, turbulent industries require resources to be flexible (Skordolis, 2004).

Be that as it may, commitment is also critical in strategy (Ghemawat & Del Sol, 1998). Commitment and flexibility are not divergent wellsprings of value (Ghemawat, 1999), and yet organisations often should choose between committing to compete in a specific way and being flexible enough to compete successfully in an assortment of ways.

Adaptation and flexibility enable an organisation to adapt to new competitive conditions (Hrebiniak, 2005) even within the confines of existing commitments and this is discussed further in this section, while agility as discussed in Section 2.5.3.2b above is a complementary characteristic that relates to the timing and speed with which the organisation needs to adapt to fast environmental change to secure opportunity.

Small and medium enterprises (SMEs) are generally flexible and adaptable (Petkovska, 2015).

b) Chaos, Hyper-competition and Complexity

Chaos theory depicts the apparently small changes in one part of the world that can make extensive and seemingly erratic changes in far-removed places, while complexity theory concentrates on the ability of the organisational system to adapt to this upheaval (Eisenhardt & Brown, 1999). As the environment has turned out to be more turbulent, more flexible and adaptable, organisational forms which enable leaders to manage complexity and dynamics have become worthy of further exploration (Dijrsterhuis, Van den Bosch & Volberta, 1999). It seems then that the acknowledgement of complexity

science increases the chances of realising entrepreneurial opportunities (Ireland & Gorod, 2016).

According to D'Aveni (1994), hyper-competition disrupts the status of the marketplace, through the new forms of competition that offset and destroys a competitor's competitive advantage (Harvey, 2003). It is a process that creatively destroys the business models of competitors (Kiessling, 2004).

Hence, enduring competitive advantage may originate from the ability to refine and change strategies more quickly than other competitors (Harvey, 2001) to produce a consistent stream of advantages (Harvey, 2003) rather than from just core competencies.

c) Time

Time is a big challenge to entrepreneurs today, as they should recognise an exceptional need opportunity, mobilise resources, get to market and grow the business to profitability prior to the closure of the window of opportunity (Markman et al., 2001).

Being in competition today while gearing for tomorrow requires organisations to clearly distinguish between current and future in their strategic planning process. Planning for today is about doing current activities well, while managing change is the key concern for tomorrow (Abell, 1999). As far back as 1974, Drucker (1974) expressed the view that leadership teams need to occupy themselves largely with creating the new, as well as optimising what exists already.

d) Ambidexterity

Today, pressures to innovate mean that businesses must maintain and benefit from the mainstream activities already committed to, while at the same time starting new stream activities that will benefit them in the future (Kanter, 1989).

These days, organisations require the flexibility to innovate with both new products and new business models as well - for example, management must be cost-efficient and radically develop new products and services (Tushman & O'Reilly, 1996).

Ambidextrous firms are those companies that use dual strategies, one for the current reality and one for the envisioned future situation (Abell, 1999), to achieve sustainable growth (Tushman & O'Reilly, 1996).

The fundamental drivers of ambidexterity include the need to meet the needs for current performance while also ensuring the company is well positioned to generate future profits, find and serve future customers, and fend off future competitive threats (Eisenhardt, Brown & Neck, 2000). The balancing of mainstream operations and new stream innovations involves coordinating exploitation activities and exploration activities (Levinthal & March, 1993; Simsek, Heavey, Veiga & Souder, 2009), competing on the entrepreneurial edge (Eisenhardt et al., 2000), and resolving the paradox of change and preservation (Baden-Fuller & Volberda, 1997) and balancing the old and the new (Morris et al., 2008).

Executives must constantly look in their rear views, attending to the past products and processes, while additionally looking forward into the future for innovation (Tushman & O'Reilly, 1996). The proper harmony between present and future is situational. Be that as it may, the future perspective is critical in circumstances of rapid or extreme change. In more stable circumstances, however, the present should be focused on more. Regardless of the situation, both segments must always be done in parallel. Maintaining and changing a business are not successive but parallel actions.

Even as they exploit existing capabilities using operational competencies, entrepreneurs must explore also the new opportunities which require an entrepreneurial orientation (Brown & Eisenhardt, 1998). In situations of rapid change, only those that are flexible and adaptive will succeed (Senge, 1990).

e) Evolution

The evolution principle might govern the dynamics of organisations and the environment as well, as it does for organisms and their environments. The idea of evolution characterises a process of transformation. Organisational evolution connects an organisation with a changing environment and the present time with the past (Durand, 2006).

Darwinism embraces the idea of open systems in which key relationships between the environment and the inner workings of the system interact and enjoy a shared reliance (Baaij, 1996). Thus, the strategy discipline might also benefit from the dynamic principle in open systems of evolution, which model the evolutionary relationship between organisms and their environments as both organisations and economic systems, and organisms as biological systems answer the description of open systems (Baaij, 1996).

Co-evolution needs firms to manage and adjust to the change in the business landscape and to act to affect the environment (Dijsterhuis et al., 1999), and to ensure that the organisational competencies run in tandem with the basis of competition in the industry (Burgelman & Grove, 1996).

Innovation requires large-scale collaboration for firms to go into new segments and new technologies in pursuit of growth (Brown, 1992). Unfortunately, big corporations tend to be designed generally for continuity rather than change. Corporate structures, procedures and decision-making tend to support maintaining consistency with the overall goal of optimising existing operations. Larger firms have a tendency to revere their past successes and institutionalise them, hoping that it will continue to work well (Collins & Porras, 2002).

According to Collins & Porras (2002), built-to-last organisations have, amongst other characteristics, a set of core values, a core ideology, a cult-like culture and generally look inside for top management. These can, however, prevent them from constantly innovating, evolving and pursuing their ‘big, hairy, audacious goals’ as they seek to move from ‘good to great’ (Collins, 2001).

Entrepreneurial organisations need to evolve to survive.

f) Complex Adaptive Systems

Organisations are not static, but rather reciprocally-reactive social entities (Miller and Vaughan, 2001), complex adaptive systems that are always co-evolving with other organisations and institutions with which it has interdependence. To keep pace, companies must continually reinvent themselves (Mello, 2003).

The commitment to past achievements can harden an organisation, denying it the adaptability to adjust to an inexorably unstable business environment. An excess of emphasis on core competences can make the firm inflexible and unwelcoming with regard to encouraging new opportunities, making them turn into core rigidities. While building the enterprise for continuous operations may have seemed well and good at some point, the rate of progress has quickened drastically, rendering the old corporate form unfit for fast growth.

But even in entrepreneurial businesses, founding conditions and values can be stamped onto organisations with such imprinted routines being a barrier to change (Judge et al., 2015)

Continual renewal is required now by corporates and entrepreneurs alike, for survival in a hyper-competitive global marketplace (Merryfield, 1993).

g) Conclusion

A basic test in corporate entrepreneurship is dealing with the conflict between the new and the old that is brought about by change (Dess et al., 2003). Organisations that can adjust naturally to change, however, perceive and respond to change before any crisis develops. These organisations have an ability to institutionalise change (De Geus, 1988). However, such flexibility needs to be balanced by an ability to adapt quickly and to focus on chosen courses of action. While external change can provide great leverage for creative and nimble entrepreneurs, entrepreneurs must be smart enough to pivot and change strategies (Bhide, 1994) accordingly. Chaotic, hyper-competitive and complex business environments where time is increasingly in short supply require entrepreneurs to be adaptive and flexible to evolve. Firms that do not continually renew themselves in response to environmental change or manage with dual strategies, end up stagnating or declining. In the context of this research study, they will not grow.

2.5.3.5 Learning and Learning Organisations (L)

a) Introduction

Learning - that is, the acquisition of information and new knowledge - is central to strategic revitalisation and empowers the organisation to adjust and react to opportunities and threats in the business environment (Eisenhardt & Brown, 1999).

A question is: how can managers identify opportunities to learn and develop dynamic capabilities, as discussed in Section 2.5.3.1 above, in their organisations?

Building upon the organisational learning concepts promoted by Levitt and March (1988), the construct of entrepreneurial learning (Lecler & Kinghorn, 2014) is discussed and the researcher adds elements to this concept in the sections below.

b) Learning Organisations

Business leaders have been battling with the issue of learning within organisations (Miller & Vaughan, 2001). Firms are presently portrayed as learning organisations, where the opportunity set open to the firm is not always known to the decision-makers (Marengo, 1996). About thirty years ago, Drucker (1985b) stated that in an entrepreneurial society, individuals need to constantly learn, unlearn and re-learn to align with and adjust to the environment and to stay competitive and innovative (Garcia et al., 2006; Baaij, 1996).

Learning is as important as unlearning, as knowledge of old competencies and adaptation to past environments may inhibit efforts to change capabilities. Becoming a learning organisation is a continuous process of continually building on knowledge the organisation already has acquired in the past and transforming it. To gain and maintain knowledge advantage, the organisation will need to be a learning organisation (Merry, 1999).

Entrepreneurship enables an organisation to be creative, and to learn and influence the environment (Marengo, 1996) because it enables new proficiencies and enhances old ones (Marengo, 1996) through innovation. Organisational learning and innovation are dynamic capabilities that address the challenges of rapidly-changing environments (Garcia et al., 2006; Hitt et al., 1999), and show how to draw diverse skills and combine various knowledge flows (Prahalad & Hamel, 1990).

Dynamic core expertise entails learning within the firm for its development and continuous updating (Hitt et al., 1999). Since most small businesses fail, research also should look at business failure as a provider of opportunities to learn from it (Mueller & Shepherd, 2016).

c) Knowledge Management

Opportunities are generated through the pursuit of new knowledge (Hunter, 2013).

Knowledge management is critical to advancing and maintaining a dynamic, resource-based competitive advantage. However, to be most valuable, knowledge must be diffused throughout the organisation.

Organisations must develop the ability to learn, so that they can exploit current and existing knowledge and explore new knowledge simultaneously (Hitt et al., 1999).

Exploration success depends on the firm's acquisition of different types of knowledge and incorporating it with what exists. Exploration speaks to a process of learning in which the firm tries to substantially increase the knowledge at its disposal (Ireland & Webb, 2007).

As per Mintzberg (1990), entrepreneurial organisations learn and are more knowledgeable.

Globalisation has changed the business environment to such an extent that management must 'unlearn the past' to make the right decisions going forward (Kiesling, 2004).

World-class companies are more entrepreneurial and learning-oriented (Hamel, 2009).

They constantly look for better ideas and experience, grow their people's knowledge and skills, and seek association with others to enhance their capabilities and achieve mutual objectives. This conforms to the resource-based view of entrepreneurship (Kanter, 1995).

d) Experimentation

Strategy formulation is a learning process. Planned strategy prohibits learning once the strategy is developed, but emergent strategy is inclusive of learning but excludes control.

However, it is important that learning and control go together (Mintzberg, 1990). McGrath and MacMillan (2009) make the point that substantial discovery-driven strategy that is a key feature of entrepreneurial firms today is about learning. Also, Senge (1990) converts companies into learning organisations, using the reasoning that in circumstances of quick change, firms that are flexible and adaptive through learning tend to do well in the long run.

Firms that engage in periodic strategic renewal grasp nurture and exploit different experiences and abilities to generate a valuable assortment of ideas and strategic options (Hamel, 2009). Companies that empower managers to do robust experiments enhance the likelihood of ideas being developed further. Indeed, it is best for most organisations to apply a test-and-learn approach (Davenport, 2009).

e) Built to Change

As the pace of globalisation and social change proceeds at a fast pace, more agility, flexibility and innovation is required from companies. It is unfortunate, however, that firms that pursue sustainable competitive advantage and stability tend to be organised in a manner that makes change difficult to manage (Worley & Lawley, 2006).

In a continuously-changing world, the execution of a strategy must also be incessant, as constant change is now business as usual which requires an appropriate strategy. Built-to-change firms need to be near the environment to acquire short-term competitive advantages, through employees constantly observing market trends and identifying opportunities. But built-to-change companies must seek sustainable advantage to create value over time. They must continuously answer the right questions, such as what their strengths are, what they need to learn to grow existing abilities and what they need to grow and embed new expertise for future fitness (Worley & Lawley, 2006).

f) Rethinking Managerial Frames

Entrepreneurship is an individual way of thinking (Hunter, 2013). In large firms, as opposed to the situation in smaller ones, managers tend to continue doing what they have always done and in the same way, such that the rethinking of their behavioural frameworks is an important strategic issue (Prahalad & Hamel, 1994).

Many decades ago, Schumpeter (1928) contended that a continually-evolving plan is the source of long-term returns and that the change task is the job of the leader. Managers need to change their worldview through learning, as to be a visionary leader requires the ability to transform, to understand and cut through complex problems (Westley & Mintzberg, 1989) that arise in different ways every day.

g) Conclusion

The acquisition of relevant business knowledge is a lifelong learning process for entrepreneurs before, during and after they organise new businesses (Aldrich & Yang, 2014).

Versatile organisational structures are key for strategic success in chaotic environments (Eisenhardt & Brown, 1999). By amending businesses to harmonise with an evolving opportunity set, leaders will more likely address areas of greater growth potential, and discover the profit drivers in business to increase the economic value of the company (Eisenhardt & Brown, 1999). These days, a learning approach inside corporate entrepreneurship (CE) is fundamental for survival as it renews operations, redefines its business model and improves its innovation capacity, as greatly required in dynamic markets (Zahra, 1996).

Entrepreneurship sees change as part of the reaction to organisational learning (Jones & Coviello, 2005). An entrepreneurial learning approach is emerging as an important link between entrepreneurship and organisational learning (Wang & Chugh, 2014).

2.5.3.6 Conclusion

To succeed in the turbulent environment today where change is not only constant but increasingly complex, similarly continuous organisational change is needed (Hagan et al., 2005). The fate of the firm relies on leaders mastering change and helping their followers to involve themselves comfortably in the change process (Hagan et al., 2005; Muhanna, 2006).

It ought to be noticed that, although the successful innovation and renewal that is key for sustained growth (Jones & Nummela, 2008) can be an end in itself, the competencies and capabilities made during the renewal process can also provide a basis from which to launch far-reaching transformation of the industry (Stopford & Baden-Fuller, 1994).

Successful entrepreneurs need adaptability and quick responses to the environment and would not survive in an organisation that is not willing to change. In a period of rapid change such as the present, an organisation that does not innovate inevitably stagnates and declines (Van Aardt et al., 2008). However, the ability to innovate requires flexible

thinking from managers. The manager understands the full range of alternatives, and constantly weighs the costs and benefits of each. The true strategic mastermind can adapt to the inescapable changes that the company faces as they comprehend the full scope of choices available, and can perform a cost-benefit assessment of each (Ohmae, 1982). It is this flexibility which increases the chances of being successful (Ohmae, 1982).

The ability to identify and exploit changing customer needs is dependent on an ability to creatively destroy and renew one's own business approach. Change-centricity is thus a weapon of creative destruction. In entrepreneurial companies, strategy is a vehicle for change (Morris et al., 2008).

An entrepreneurial approach to change management is required to deliver success and growth, given the state of the play in the globally-competitive business landscape (Platzek, Pretorius & Winzker, 2014). Creating viable and profitable ventures depends on learning by doing (Aldrich & Yang, 2014).

According to Jack Welch, who used to be the Chief Executive Officer at General Electric which was mentioned in Section 2.5.2.2 above, a company's capacity to learn and to convert those lessons into action speedily can deliver strategic advantage (Slater, 1999). It is this execution capability that is discussed in Section 2.5.4 below.

2.5.4 EXECUTION (EX)

2.5.4.1 Introduction

The formulation of strategy is very important. However, the ability to execute the strategic plan can be more essential (Kaplan & Norton, 2005), especially given research that demonstrates that many organisations neglect to implement strategy successfully (Kaplan & Norton, 2005). For instance, a study of investment practitioners showed that assessments of company managers and the valuations of these companies are greatly influenced by the ability to execute strategy. The capacity to execute strategies can deliver enduring advantage (Barney, 2001).

Profitable growth requires a mix of creativity and an ability to execute those ideas (Bhide, 1994). Ideation and implementation leads to monetisation! In fact, opportunity requires some sort of action to realise the potential, and this implies entrepreneurship (Hunter, 2013).

Entrepreneurs must not be inventors only, as they should also implement (Bhide, 1994). As Schumpeter (1927) pointed out almost a century ago, ideation does not matter as much as actually working to bring the idea to fruition.

Execution consists of different but interrelated functions which ensure that the organisation performs and achieves its growth objectives (Freiling, 2009). The importance of execution in general and the different pieces of the entrepreneurial execution theme as discussed in Section 2.5.1 above and illustrated in Figure 2.9 of Structure (S), Alignment (A), Resource Mobilisation and Management (RMM) and Risk Management (RM) are discussed further in this section.

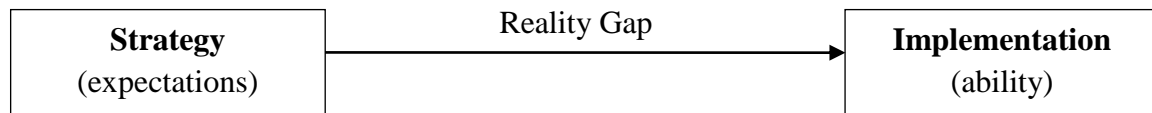
2.5.4.2 Importance of Execution

Management literature has neglected execution, and managers are still not clear about the execution of strategy (Hrebiniak, 2005). Markides (2008) adds that it seems easy to discover a different approach to the market, but the difficult part is to execute the new strategy in an economical and efficient way.

The distinction between an organisation and its rival, and the primary reason why companies do not deliver value to stakeholders as expected, often lies in an inability to execute their

strategy well. This gap in execution, or the difference between a firm leader's goals and the capability of their organisation to deliver, is one that has not been adequately tackled in business (Bossidy & Charan, 2002) and is shown in Figure 2.15 below:

Figure 2.15: Strategy Implementation Gap



Source: Markides, 2008

Hrebiniak (2005) maintains that a prosperous strategy requires a systematic approach to execution. Hence, execution is about the processes, decisions and actions needed to make strategy work.

Companies are adept at creating strategies, but lack action plans to achieve desired results. In most organisations, there is some form of disconnection between strategy-making and strategy-execution. Every corporate leader needs to commit to smarter execution (Gilbert, Buchel & Davidson, 2008).

2.5.4.3 Structure (S)

a) Introduction

At times, a new strategy that is planned fails to deliver the appropriate financial results because of a misalignment between the strategy and the internal set-up of the enterprise (Levitt, 2004). An organisation's structure houses its capabilities (Mintzberg, 1993) to execute a competitive strategy to exploit an entrepreneurial opportunity and maximise its value (Plummer et al., 2007).

b) Empowerment

Effective leaders believe that people are inherently innovative and can generate value if empowered, and if leaders themselves increase certain decision-making responsibility (Simons, 1995).

Through delegation, successful companies empower people to innovate and make the search for innovation a part of everyone's job (Kanter, 2000).

c) Decentralisation

Organisations need a combination of centralisation or control and decentralisation or empowerment to be successful in fast-evolving environments (Marengo, 1996).

The level of organisational decentralisation affects the efficacy of corporate entrepreneurship, as it can utilise entrepreneurial behaviour. Researchers concur that a decentralised organisation can utilise entrepreneurial behaviour effectively. Corporate entrepreneurship thrives in decentralised organisations, as employees have more to be accountable for (Veenker et al., 2008). However, this can lead to risky behaviour if not adequately controlled.

d) Strategy and Structure

Structure generally follows strategy, says Chandler (1962). Marengo (1996), however, states that structure comes after strategy only in the short term (Kollmann & Stockmann, 2012), and that the two co-develop over the long term, as strategy becomes aligned with the firm's structure. Mintzberg (1990) posited that strategy and structure enjoy a reciprocal relationship where structure trails strategy in much the same way as the left foot trails the right one during walking. Thus, strategy and structure both sustain a firm. In a rapidly-changing complex environment, the challenge for an organisation's management is how to create a structure that has the capability and flexibility to change to accommodate differing circumstances.

Interestingly, smaller firms are distinguishable from larger firms through, for instance, the predominance of owner-managers and the attendant lack of complex formal structures (Jones, Macpherson, Thorpe & Ghecham, 2007). The entrepreneurially-strategic behaviour of employees, coupled with an enabling structure, can lead to corporate entrepreneurial success (Echols & Neck, 1998).

e) Structure and Change

To take advantage of opportunities that come and go quickly, firms must restructure capabilities and resources rapidly. For example, greater adaptability requires companies to reorganise themselves into smaller parts and make more flowing and project-based structures, adds Hamel (2009).

CE thrives when a firm's structure has a moderate number of layers, as it brings about a greater span of control that creates chances for employees to be entrepreneurial (Ireland et al., 2006b). Moreover, decentralised organisational structures with less standardisation and formal processes enhance exploration efforts (Ireland and Webb, 2007), due to the freedom to act accorded to employees. Entrepreneurial conduct at the middle-level management level may be of more importance in the effective implementation of CE because they identify entrepreneurial opportunities and mobilise the necessary resources (Heinonen & Toivonen, 2007).

Even as little firms develop, the use of strategic management methodologies may enable the insertion of the more complex management structures required to support this growth (Andersen et al., 2001). An organisational structure that promotes entrepreneurial behaviour should be flat, flexible, organic and amorphous (Echols & Neck, 1998), to best take advantage of environmental turbulence and change.

f) Decision-Making

Neilson, Martin and Powers (2008) say that enterprises fail at execution, partly owing to a failure to monitor the flow of information and decision-making that drives organisational effectiveness.

To deliver on strategic intent, important strategic and operational decisions must be quickly translated into action. The four fundamental building blocks to influence those actions are: clarifying decision-making rights, designing appropriate information flows, aligning motivators to good and timeous decision-making and then making changes to structure (Neilson et al., 2008).

It is crucial to note that as a venture grows, the complexity of its internal operations increases in such a way that more staff may need to be part of its decision-making, as one person cannot

fully or always manage the activities of the whole enterprise nor solely determine strategy (Anderson et al., 2001), as is possible in the start-up phase.

g) Conclusion

These days, strategies seem to fail in the execution, not the vision. Quality execution requires that many economic, value-based decisions be made at all levels within an enabling company structure (Pettit, 2009).

An organisation must find the right harmony between control and freedom inside its structure. Decentralised, flat and fluid structures in which decision-making is delegated to empowered workers boosts entrepreneurial endeavour and enables a business to adapt to environmental change. But structure is not only about people, processes and decisions, as financial capital structure has a key impact on entrepreneurial success.

Whatever organisational structure is chosen should ultimately support an entrepreneurial growth strategy.

2.5.4.4 Alignment (A)

a) Introduction

Organisational structure, as discussed in Section 2.5.4.3 above, is a tool used by management to achieve alignment between the organisation and its environment (Dijsterhuis et al., 1999). The alignment of strategy and action (Burgelman, 2004) is critical to the execution process, as bad or misalignment partly explains the inability of growing firms to compete successfully and sustainably over time (Freiling, 2009).

The principle of strategic fit relates to the extent of alignment that exists between an organisation's competitive environment and positioning, its strategy, organisational culture, leadership style and the appropriateness of the various aspects to each other (Chorn, 1991). Executives need alignment and a collective understanding of the strategy to implement the necessary strategies for a changing environment with global competition, deregulation, customer sovereignty, technology and capital (Kaplan & Norton, 2004).

Business leaders are required to encourage alignment across interdependent functions (Chopra, 2014). In this section, attention will be given to how the alignment of operations

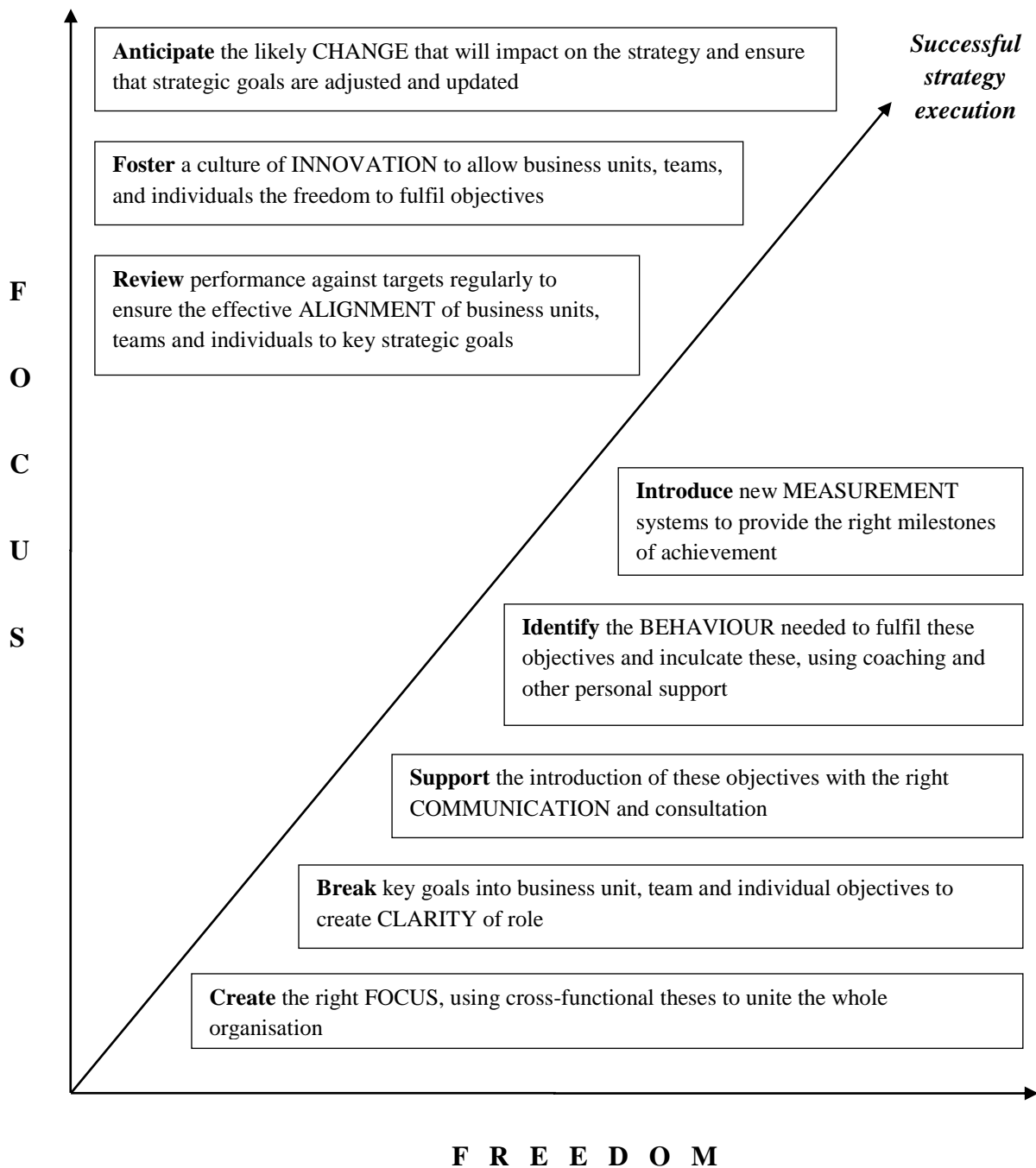
with strategic objectives, the obviation of strategic dissonance and the use of culture is critical to the process of alignment in firms.

b) Focus and Freedom

Central to corporate success is the alignment of operational plans with strategic objectives and their meticulous execution (Menawat & Garfein, 2006). This is internal alignment.

Successful strategy execution depends on a focus on the right strategic goals, led and championed by senior managers, and the freedom granted to all parts of the organisation to find innovative ways of carrying out these goals (Syrett, 2007), as illustrated in Figure 2.16 below:

Figure 2.16: Pathway to Successful Strategy Execution

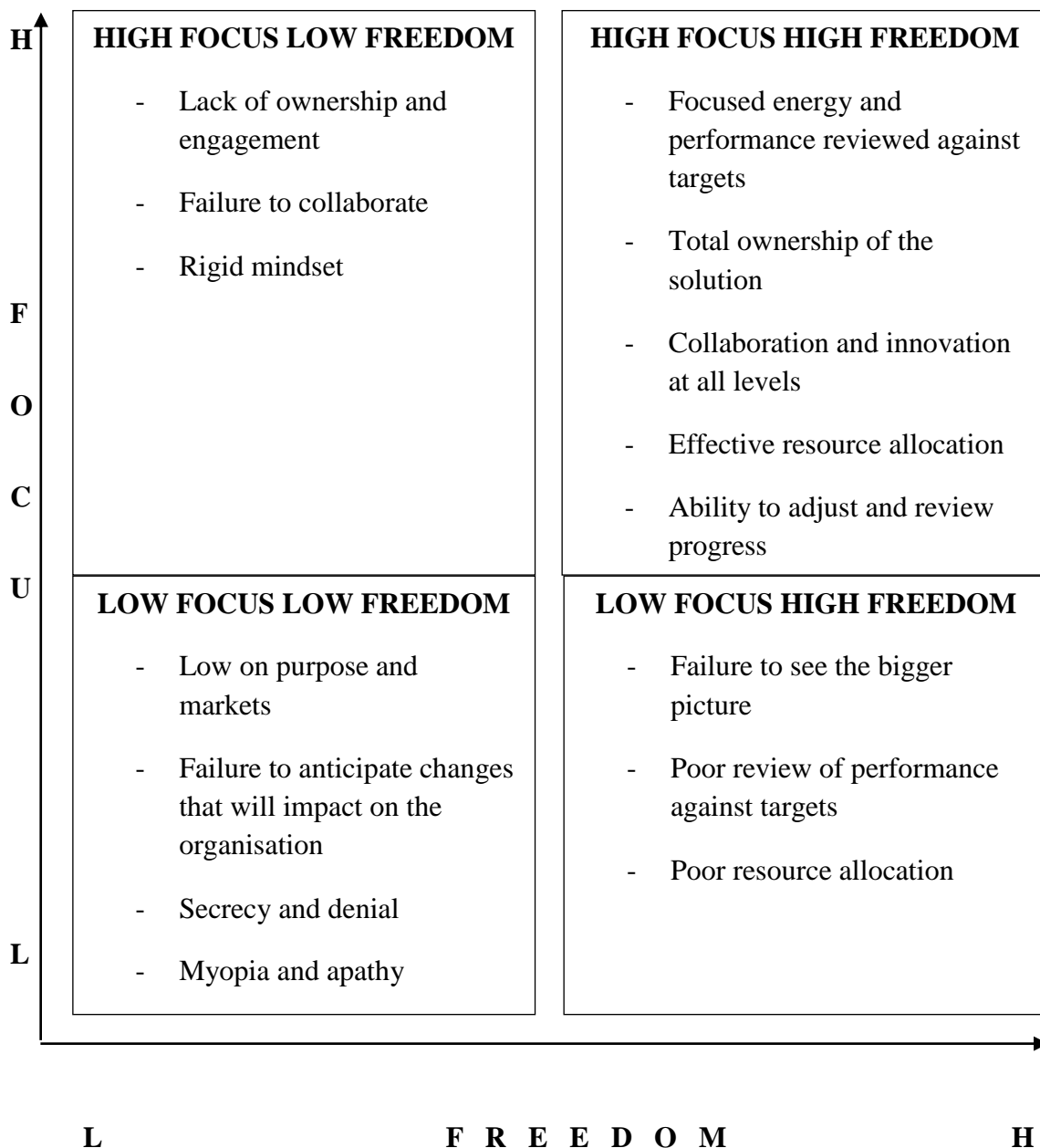


Source: Syrett, 2007

The two requirements for successful strategy execution illustrated in Figure 2.16, the right focus and the ability of the organisation to respond creatively, are mutually dependent. A crucial part of the focus and freedom agenda is the introduction of measurement systems to provide the right benchmarks for achievement, as what is subject to measurement usually

gets done (Peters & Waterman, 1982). Also, performance against targets is regularly done to ensure the effective alignment of the business to key strategic goals. At a time of fast change, these strategic goals are never static, but are adjusted and updated from time to time. Since focus and freedom, as stated above, are mutually dependent, Figure 2.17 below confirms that focus and freedom are not dichotomous, but are in fact synergistic to alignment.

Figure 2.17: Strategy Execution: Creating the Synergy



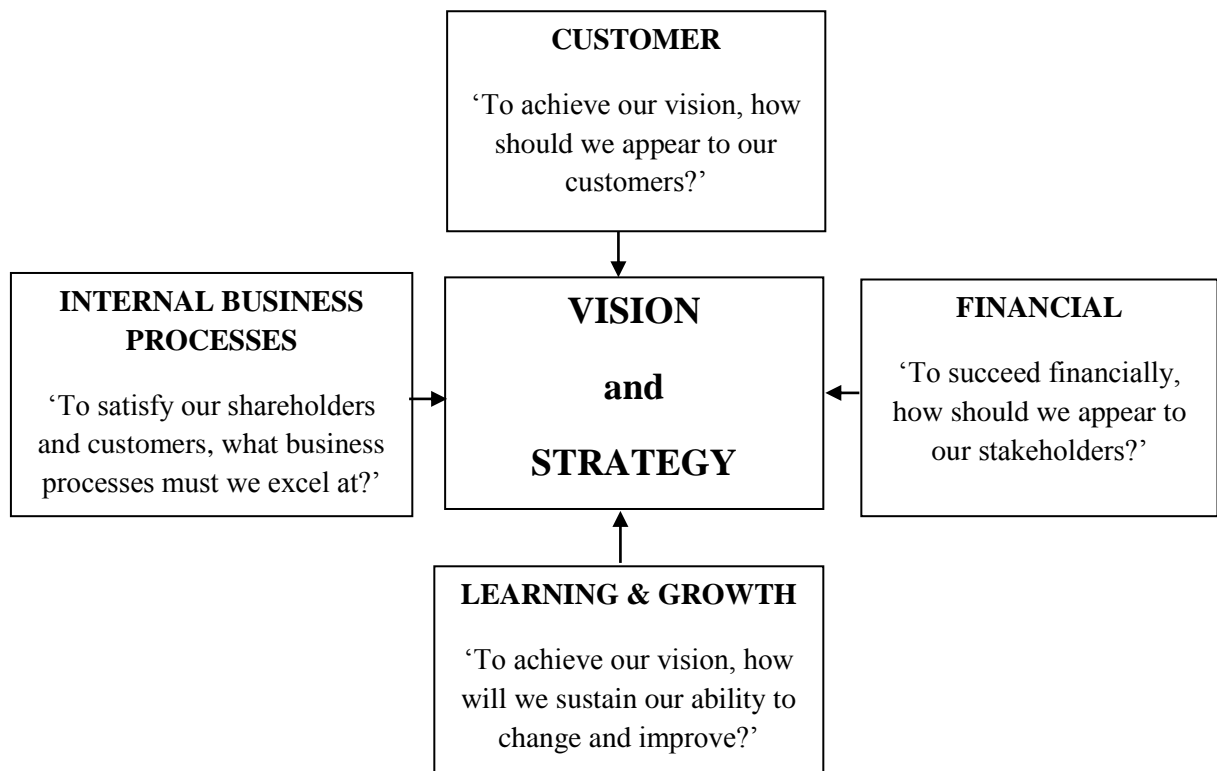
Source: Syrett, 2007

c) **Balanced Scorecard**

In Section 2.5.4.2 above, it was made apparent that, although companies of all sizes are good at creating strategy, they are relatively poor at executing it and at measuring their advancement against their strategic mission (Gumbus & Lussier, 2006).

To achieve alignment, enterprises must have a formal process to execute strategy (Kaplan & Norton, 2008). The Balanced Scorecard (BSC), shown in Figure 2.18 below, is a strategic control tool for both organisational alignment as well as strategy execution. Managers bring the organisation into line by rolling out balanced scorecards to all organisational departments, and afterwards communicate to employees in a way that connects their individual goals and rewards to what the company wants to achieve (Kaplan & Norton, 2008). It is critical to break down key goals into business unit, team and individual objectives to make roles clear and to change the conduct towards the key developmental and growth goals of the company (Syrett, 2007).

Figure 2.18: The Balanced Scorecard



Source: Kaplan and Norton, 1996

The BSC above looks at a firm's performance through a combination of customer, financial, internal business process, and the learning and growth angles (Kaplan & Norton, 1996). These align everyone in the firm so that they all see how and what they should do to support the strategy (Rompho, 2011).

Management review meetings in which organisational challenges are monitored and dealt with timeously ensure that the strategic plans are executed timeously (Kaplan & Norton, 2008). Monitoring is vital (Charan, Carey & Useem, 2014) for creating alignment.

Notwithstanding prominence and execution in large established firms, use in SMEs is constrained (Rompho, 2011). For instance, research demonstrates that 50% of Fortune 1000 organisations utilised the balanced scorecard when contrasted with the relatively few small organisations who apply it (Gumbus & Lussier, 2006). However, the BSC is seen by Gumbus and Lussier (2006) as possibly as advantageous for SMEs as it is for large firms, in that it enables growth due to the focus on both short- and long-term results, monitors performance against targets, accords measure to key strategic focus areas, clarifies and aligns goals as measurement is for critical success factors only and, lastly, creates better accountability as individuals own the metrics that are relevant to them.

Rompho (2011) also indicates that the limited success of BSC in SMEs is due to resource constraints, lack of adequate strategic understanding and frequent strategic changes that undermine its effectiveness. The BSC seeks to enhance strategy by translating strategy to operational terms, making strategy everyone's job, and aligning the organisation to the strategy (Kaplan & Norton, 2005). While it is more widely used in large firms (Anderson et al., 2001), entrepreneurs can also still use a modified BSC to translate entrepreneurial strategy into performance (Gumbus & Lussier, 2006).

d) Strategic Dissonance

Strategic dissonance is the opposite of the strategic fit that was discussed in the introduction to the section above, and signals a strategic inflection point (Grove, 1997) Strategic dissonance occurs when strategic action does not move in tandem with strategic intent.

As discussed in Section 2.5.3.3, firms are faced with challenges and opportunities presented by strategic inflection points (SIPs) as they grow and develop. SIPs result from fundamental

changes in industry dynamics, competitive strategy and externalities such as technology advancements and create strategic dissonance or incompatibility between the premise of industry rivalry and a firm's central capability, and also senior management's strategic intent and its execution.

For example, Chorn (1991) contends that the performance and effectiveness of a firm is optimised when it applies a pathfinder strategy, a building and creative leadership style and an entrepreneurial culture to take advantage of a turbulent and competitive environment. If there is an inappropriate fit, strategic dissonance will result. Strategic dissonance thus suggests a misalignment (He & Balmer, 2007). Management can recognise and take advantage of the information that comes from strategic dissonance to create new strategic intent and obviate the uncertainty associated with SIPs (Burgelman & Grove, 1996). For example, a special monitoring system could be put in place to consistently check the balance of strategy and environment so that preventative measures can be applied (He & Balmer, 2007) and to achieve realignment of competition to competence, and strategy to action (Burgelman & Grove, 1996).

So turbulent environments characterised by high uncertainty, competitive intensity and risk (Chorn, 1991) require an entrepreneurial and innovative approach to strategy.

e) Culture

On a macro-economic level, societal culture can promote values such as entrepreneurship and risk-taking (Pines, Dvir & Sadeh, 2012). However, this is beyond the span of this study. On a micro-firm level, however, corporate culture can be a tool for alignment (Kanter, 1983) and a source of strategic fit (Chorn, 1991).

Entrepreneurship is not just influenced by the culture in a company as in entrepreneurial organisations, but it is a central piece of the culture. Figure 2.17 above demonstrated how the innovation cultivation permits individuals and teams in a business freedom to achieve their objectives. So, in an entrepreneurial culture (Ireland et al., 2006b), there is a simultaneous significance in seeking opportunity (entrepreneurial) and strengthening advantage (strategic management) where creativity is normal (Ireland et al., 2003; McGrath & MacMillan, 2000).

An entrepreneurial culture additionally focuses on empowering people who are committed and have the responsibility and freedom to develop or fail. It strikes a balance between the attention to detail and the hands-on management that goes along with a sense of urgency, with an emphasis on the future and long-term value creation through innovation and the management of change (Ireland et al., 2003). Furthermore, there is open communication and incentive rewards are based on entrepreneurial behaviour (Chorn, 1991).

The balanced scorecard discussed above has utility as a basis for compensation (Rompho, 2011) and to help change organisational culture (Gumbus & Lussier 2006) to focus on performance. To be globally competitive, it is fundamental to instil an international entrepreneurial culture that is identified by an international market outlook, learning orientation, propensity to innovate and take risk, and a network beyond familiar borders (Dimitratos & Plakoyiannaki, 2003).

Bossidy and Charan (2002) mention that establishing an execution-oriented culture is crucial, as it is about getting the dialogue right and must be driven from the top-down. Culture is a contingency variable in the growth equation (Kozan & Akdeniz, 2014).

f) Conclusion

Business executives and entrepreneurs align and focus their organisations behind the appropriate strategic goals and make sure that all resources are allocated adequately and effectively to pursue growth.

For entrepreneurs, innovation is not a stand-alone task, but has to be well-aligned to obviate misfit by aligning the organisation and its surroundings over the long haul. The more the innovative firm corresponds with external developments, the more it can be a vehicle for creative destruction or disruption (Freiling, 2009). An aligned organisation operates at peak effectiveness (Chorn, 1991) which is a function of the striking of a balance between focus on the right objectives and performance measures, freedom to own and pursue value accretive initiatives, and achieving a strategic fit within an enabling and entrepreneurial culture.

2.5.4.5 Resource Mobilisation and Management (RMM)

a) Introduction

The Resource-based view of the firm shows that a supply of, for example, human resources, culture, teamwork learning and knowledge, can provide sustainable competitive advantage in companies (Barney, 2001). But resources should be managed for value to be extracted (Monroy, Solis & Rodriguez-Aceves, 2015).

Some researchers maintain that entrepreneurial organisations are characterised by how they act, not by what resources they own or control (Zahra, 2005). In any case, resources are needed to activate ideas and hence entrepreneurs apply effort in acquiring necessary resources (Ozdemir, Moran, Zhong & Bliemel, 2016).

The resource-based view has attracted significant attention in the study of new ventures (Shan, Cai, Hatfield & Tang, 2014). In this section, the aspects of resource mobilisation and management are discussed.

b) Unique Resources

The resource-based view asserts that firms achieve competitive advantage over rivals by the development, ownership or control of inimitable resources or competencies (Marengo, 1996).

Rumelt (1984) consolidated the Schumpeterian viewpoint of the resource-based view by proposing that strategic planning relates to the quest for ways to use the company's tangible and intangible assets to implement its strategies under a changing environment.

McGrath and MacMillan (2009) say that an organisation's most important assets and the greater source of competitive advantage today reside in the intellect of its people, and their knowledge and ideas, and not only the traditional resources such as plant, machinery, buildings, finance or other inputs (Ireland et al., 2006a).

Undoubtedly, an entrepreneurial organisation's resources are normally intangible - for example, proprietary knowledge or technology (Kraus & Kauranen, 2009) or in fact the ability to fill market niches, to be adaptable or to speed to market, to enable them to exploit opportunities faster than rivals or larger, established firms (Li, 2001).

Firms today can form competitive advantage and growth by encouraging the generation of knowledge between people and its organisational units (Ireland, Hitt, Camp & Sexton, 2001). As indicated by Penrose (1959), an organisation's growth rate can be affected by its knowledge base.

c) Strategic Resource Management

Entrepreneurship involves creating or managing new resources in business (Ireland et al., 2001). Entrepreneurship entails the addition of value through better organisation of resources and market opportunities (Bird & Jelinek, 1988).

Firms manage resources strategically when they put resources together to form capability, and leverage those core competencies to explore opportunity and create wealth (Ireland et al., 2003). Core competencies are those activities that firms perform well, generate advantage and are crucial to the performance of the organisation (Ho, 2007). Edith Penrose (1959) distinguished between resources and capabilities in that resources are stocks for example entrepreneurship that hold potential services such as innovation. Organisations can be characterised by their capabilities and activities in the sense that resources are what organisations have and capabilities are what organisations do (Baaij, 1996).

SMEs and start-ups tend to have fewer and different resource endowments compared to larger firms (Kraus & Kauranen, 2009). Critically, most entrepreneurs face difficulty in getting resources, especially during the first phases of their ventures, but also at different stages of growth (Sullivan & Ford, 2014).

d) Integrated Management

Integration is the process of closely and seamlessly coordinating departments, groups, organisations, systems or even other acquired companies. Integration is about cohesion, synergy, teamwork and cooperation (Chorn, 1991). As per Schumpeter, entrepreneurs integrate resources in innovative, unique combinations that generate profit (Palich & Bagby, 1995). Thus, integrated management complements, coordinates and synergises the Schumpeterian entrepreneur's new resource combinations. Even the Balanced Scorecard shown in Figure 2.18 above can be used to create corporate synergies (Kaplan & Norton, 2006).

Integration can be internal or external, and can be managed. Internal coordination streamlines the internal operations of an organisation (Encyclopedia of Management, 2009) and puts the available resources in place so that they can realise their potential, improve performance (Freiling, 2009) and meet strategic objectives. An example would be Collins (2002) who argued that one of the ways organisations can enjoy significant jumps in performance and achieve greatness is if the right people are recruited, are in the right positions, and make sure that the wrong ones are not part of the journey.

External strategic integration improves performance by continuously aligning business strategies with the ever-changing environment or external stakeholders such as customers and suppliers (Encyclopedia of Management, 2009). Firms also grow by pursuing strategies around horizontal, vertical or lateral integration to better control, coordinate and virtually own their value chains (Favaro, 2015).

The dynamic environments under which businesses operate require strategic integration, internally and externally, to enhance the yield from means of production, as JB Say maintained in his definition of entrepreneurship, and to achieve organisational priorities. Small firms have a low level of structural complexity that allows the entrepreneur to control most of the organisation without a need for greater coordination that arises as an organisation grows (Freiling, 2009).

e) Conclusion

Schumpeterian competition is linked to the resource-based framework as it considers the organisation's new combinations of resources to achieve sustained competitive advantage (Mahoney & Pandean, 1992). The resource-based view provides a vital research study, as only unique and inimitable resources deliver sustained strategic advantage (Barney, 2001). These resources need to be identified, mobilised, combined, strategically managed and integrated to achieve entrepreneurial success. Interestingly, an entrepreneurial orientation (EO) is a resource that can itself improve firm performance, and is more important to SMEs (Price & Stoica, 2015).

2.5.4.6 Risk Management (RM)

a) Introduction

Risk-taking and uncertainty were discussed in Sections 2.3.4.5 and 2.5.2.5 above.

Risk-taking of necessity requires the appropriate checks and balances (Institute of Directors in Southern Africa, 2009) that come with the management of risk. A firm's ability to survive depends on risk management (Kaplan & Mikes, 2012).

While there is a view that control discourages entrepreneurship and innovation, an appropriate risk, governance and control framework is critical for both assuring survival and securing entrepreneurial value. Small organisations are likely to have limited planning and control processes (Anderson et al., 2001).

Risk management protects the firm from the negative consequences of uncertainty (Freiling, 2009) and has become vital for all firms in an era that requires an unrelenting focus on both downside risk and upside opportunities (Charan et al., 2014). This is discussed further here.

b) Corporate Governance

Corporate governance seeks to determine and guarantee that the organisation's strategic direction can fulfil the desires of stakeholders, and regulate the relationships of partners with a stake in the firm's performance (Hagan et al., 2005). The Board of Directors (BoD) is the platform for governance decisions which has overarching responsibility for the performance of the company in terms of wealth creation (Hagan et al., 2005). Shareholders rely on the BoD to monitor management and to ensure a focus on long-term value creation (Zahra, 1996).

Strategy also involves risk because one is dealing with future events which are unknowable. The BoD must acknowledge the inseparability of strategy, risk and performance in the overall sustainability of the enterprise. The BoD plays a visible role in strategy development, by endorsing the strategy of the company, monitoring its execution by the management and ensuring that the strategy is aligned with the purpose, business value drivers and expectations of all its stakeholders (Institute of Directors in Southern Africa, 2009).

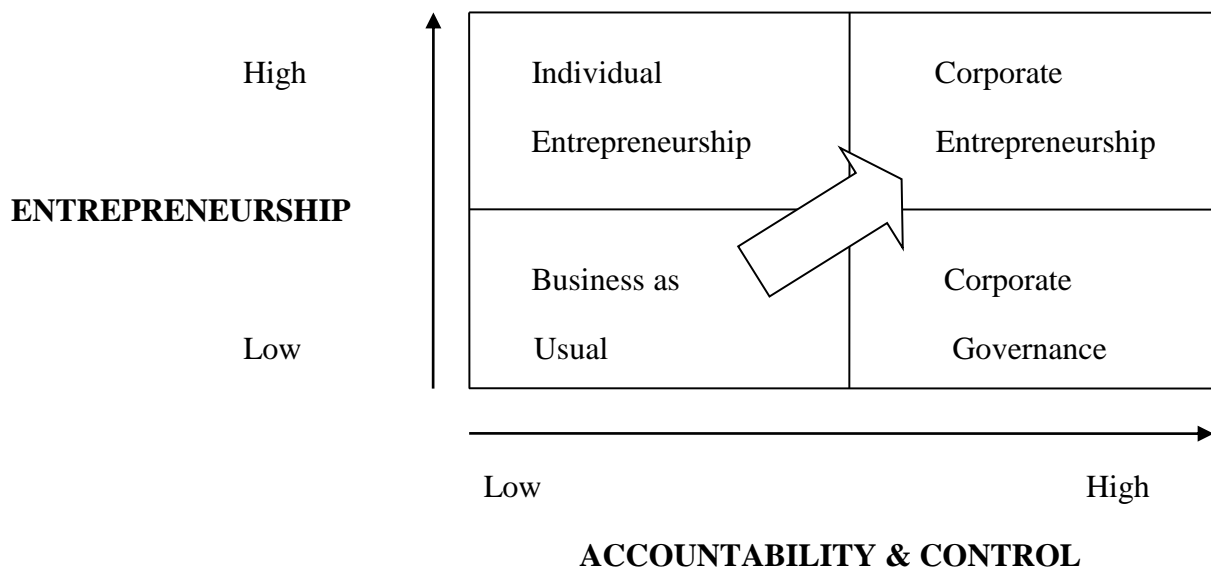
Managing risk has become a matter of both seizing the upside opportunities associated with entrepreneurship and dodging the downside consequences related to any business (Charan et al., 2014). This entrepreneurial approach to governance is discussed below.

c) Entrepreneurial Approach to Governance

Effective board leadership means that directors must strike a balance between the entrepreneurial behaviour to grow the company, and the corporate governance which holds management accountable to the shareholders and establishes controls (Taylor, 2003) to ensure the sustainability of the enterprise.

This combination of entrepreneurship with accountability (Markman et al., 2001) constitutes an entrepreneurial approach to governance and manifests in the various board leadership styles reflected in Figure 2.19 below:

Figure 2.19: Board Leadership Styles



Source: Taylor, 2003

Most BoDs are in the 'Corporate Governance' box, whereas the ideal for entrepreneurial firms is the 'Corporate Entrepreneurship' box which is high on both entrepreneurship and has the appropriate level of accountability and control, given the risk.

For corporate entrepreneurs to act responsibly, internal and external benchmarks should be installed to ensure that operational performance is clear and evident to all within an open communication framework (Taylor, 2003).

Given the focus on managing risk, one of the most under-researched and under-appreciated obligations of the Board of an enterprise is the undertaking of risk for return and to enhance the economic value of the firm, as it were, to be entrepreneurial (Institute of Directors in Southern Africa, 2009). A board's leadership can create value, but also destroy value (Charan et al., 2014). Thus, a firm needs an entrepreneurially-focused, performing Board that encourages management teams to innovate their business model to create top-line growth if it is to attain success and sustainability (Anonymous, 2007).

Growing entrepreneurial ventures requires both entrepreneurs and investors to work very intimately with each other, to share knowledge and to minimise information dissonance. Effective governance frameworks benefit innovation projects by enabling alignment of mutual best interests (Markman et al., 2001).

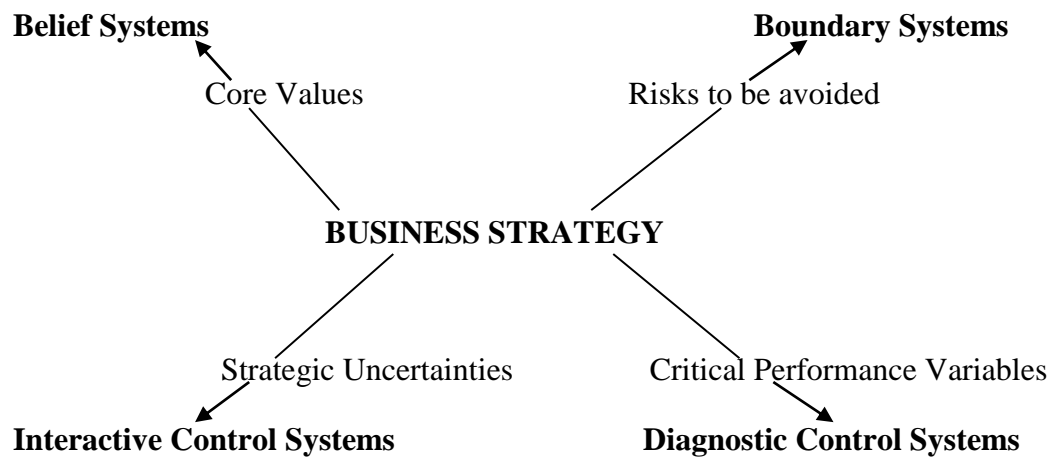
d) Control

The strategic planning literature seems to hold considerable interest in control. This reflects an abhorrence of risk, and a hesitancy to incorporate innovation. Control is sometimes seen as 'the bane of entrepreneurship' (Sathe, 2003), as customary control systems ensure compliance, but they may do so to the detriment of creativity, enterprise and innovative engagement (Hamel, 2009).

Nonetheless, effective entrepreneurial organisations have shown that the inverse is true, as great control is fundamental (Sathe, 2003), as a certain amount of discipline and control is necessary for the sustainability of entrepreneurial organisations. This reflects a paradox of strategic control (Goold & Quinn, 1996).

A major issue confronting business leaders, is how to apply sufficient control where innovation and flexibility are required (Kanter, 2000), with the right governance model for an empowered age (Simons, 1995). Each of the four mutually-supporting control levers in Figure 2.20 below enables managers to balance creativity and control and to harness the benefits of innovation.

Figure 2.20: Renewal of Strategy with Four Levers of Control



Source: Kanter, 2000

Organisational controls must be stable for firms to exploit existing advantages, as well as be flexible enough for employees to behave entrepreneurially to form future advantages. Positive controls aid performance measures, in that they give substantial discretion to enable employees to identify problems before they arise. Appropriate controls can encourage and help to cultivate entrepreneurial behaviour (Ireland et al., 2006a).

e) Conclusion

One of the objectives of governance is to maximise shareholder value, which means allocating resources to maximise long-term cash flow. Section 2.3.2.10 discussed value creation as one of the defining outcomes of entrepreneurship.

Additionally, in view of many small business failures, corporate governance should be taken more seriously by entrepreneurial firms. The high failure rate of new ventures, points to the need for an appropriate and sustainable risk management mechanism for entrepreneurs, and established entities which are seeking renewal. There are two general suppositions that entrepreneurs are the sole owners and decision-makers of their firms; and considering the fact that innovation projects can be complex, this creates significant differences between the information available to entrepreneurs and their capital providers. The question for future research is: what forms of governance are suitable for the encouragement and implementation of innovation in entrepreneurial organisations (Knox, 2005)?

The new entrepreneurial firm should develop control mechanisms to shift the locus of control from the CEO to more people in the business (Miller, 1983), for example, a knowledgeable and committed Board of Directors can be the CEO's best partner in staying focused in the long run (Porter, Lorsh & Nohria, 2004), while a solid, enterprising board of directors can encourage leaders to pursue entrepreneurial activities (Zahra, 1996). A view is that excellent companies create radical decentralisation and autonomy to breed the entrepreneurial spirit (Peters & Waterman, 1982).

Risk management is essentially about governance and control without which most businesses end up managing crises (Freiling, 2009) which is the antithesis of good risk management. The adequate managing of risk is likewise key for the sustainable growth of an entrepreneurial firm, as the span of founder/CEO control expands beyond the reach of one person's ability.

An entrepreneurial approach to governance is simultaneously high on entrepreneurship and innovation, as well as the focus on accountability and control.

2.5.4.7 Conclusion

Almost three decades ago, Ansoff (1987) stated that entrepreneurs make execution a natural part of their strategy process. They also do not suffer from the myopia which tends to delay decision-making and activity until the organisation hits a crisis (Levitt, 2004), as discussed by Greiner (1998). But, according to Blaine (2009), most business projects fail today because of a lack of execution on the part of senior leaders.

Entrepreneurs are different. As Schumpeter (1942) indicated, the function of entrepreneurs is to get things done. Indeed, the profit resulting from the exploitation of opportunities in the environment is derived from a deliberate set of actions and the creation of enduring value (Hunter, 2013).

An enabling and decentralised structure supports entrepreneurial action. The ability to align organisational goals, external stakeholders and competitive environment with its internal business models enables the management of mobilised resources towards the effective execution of identified opportunities. Lastly, the application of risk management processes allows the entrepreneurial growing firm to balance the risk-taking approach that characterises entrepreneurship and to secure the value created by innovation.

Drucker (1974) portrayed the successful entrepreneur as an analytical thinker and implementer who creates and grows an organisation that can endure beyond his lifetime. And in times of turbulence, it is important to simplify business and execute plans (Loren, 2003).

2.5.5 CONCLUSION

From the assessment of research works in Section 2.5, a new paradigm (with three factors and 12 sub-factors) may impact positively on the growth of entrepreneurial firms if it is within such enterprises. In today's hyper-competitive, globalised business landscape, it is proposed that entrepreneurial strategy be defined at the confluence of:

1. ENTERPRISE

This is the continuous identification of new, risk-adjusted opportunities and formulation of concomitant plans. It is comprised of Future Orientation, Opportunity-Seeking, Risk-Taking and Environmental Knowledge.

2. EVOLUTION

This is the ability to adjust and change the inside of the firm, as well as the external environments, ideas and business models, to viable products or services. It is comprised of Game-Changing, Internal Transformation, Adaptation and Flexibility, and Learning.

3. EXECUTION

This is the discipline of getting things done or making things happen, in order to deliver results against the strategy. It is comprised of Structure, Resource Mobilisation and Management, Risk Management and Alignment.

Section 2.6 below further explains this new perspective of entrepreneurial strategy.

2.6 AN EMERGING PARADIGM OF ENTREPRENEURIAL STRATEGY

2.6.1 Introduction

The review of the literature on entrepreneurship has demonstrated that there is a requirement for a new paradigm in Section 2.5.5 that melds the best of individual entrepreneurship and intrapreneurship in this time of globalisation and change.

To paraphrase Peng et al., (2009), the researcher's attempt to unify understanding of entrepreneurial strategy is positioned as a paradigm. A new perspective of entrepreneurial strategy will be introduced at the confluence of pure entrepreneurship and strategy with inspiration from a river confluence metaphor. Ultimately, the proposed entrepreneurial confluence paradigm and typology of entrepreneurial strategy will be discussed.

In Section 2.6.2 below, the word paradigm will be defined.

2.6.2 Paradigm

Paradigms are assumptions about people, how they work in organisations (Evered & Selman, 1989), and how they look at the world around them (Rocco, Bliss, Gallagher & Perez-Prado, 2003). It is a way of thinking or a mindset (Gurteen, 1998) which overarches, brings and binds together various preceding viewpoints like an umbrella (Anshoff, 1987). It is a 'framework of frameworks' which pulls together other existing frameworks, each of which individually explores some aspect of entrepreneurship (Kuratko et al., 2015). A paradigm is a meta-theory which unifies through its bird's eye view of life (Ansoff, 1987). A paradigm thus resolves theoretical conflicts and precedes the exploration of hitherto untouched research points (Anshoff, 1987).

To transform industry, a new perspective is necessary (Mintzberg, 1987a). Following Hamel (2009), one must tackle great challenges to reinvent the entrepreneurial strategy construct and make it applicable to a fast-changing universe. There is room for a new perspective of entrepreneurial strategy.

In the Section 2.6.3 discussion that follows, the researcher integrates entrepreneurship and strategic management principles into a new paradigm of entrepreneurial strategy that makes it relevant to today's business landscape.

2.6.3 Integrating Entrepreneurship and Strategic Management

Entrepreneurship is about identifying and exploiting opportunities, while strategic management transforms these opportunities into sustainable competitive advantage (Kraus & Kauranen, 2009).

The principle characteristics that are related to individual entrepreneurship like growth, innovation and flexibility are also seen as attractive qualities for established firms (Blumentritt & Danis, 2006). Further, as firms grow bigger, their ability to keep up a commensurate growth level ultimately falls (Burgelman, 1984). So an entrepreneurial state of mind is increasingly viewed as vital for all companies to survive and thrive.

Strategic management deals with organisational performance and competitive advantage, while entrepreneurship focuses on the growth and innovation processes that lead to new venture creation (Hagan et al., 2005). Grasping the complementarity between entrepreneurship and strategic management can enable researchers to better understand how organisations add value (Ireland et al., 2003), given that one of the best reasons for integrating entrepreneurship and strategic management is the generation of such enhanced value (Ireland et al., 2001).

So, if management logic refers to the set of assumptions underlying how organisations are (Dijksterhuis et al., 1999), then what is needed is a different, entrepreneurial strategy logic that melds the best of pure individual entrepreneurship, as well as successful corporate leadership routines.

Strategy researchers have historically utilised different metaphors to enhance understanding of complex arguments and intangible phenomena (Lamberg & Parvinen, 2003). Such a metaphor is discussed in the next section.

2.6.4 The River Metaphor of Strategic Management

Lamberg and Parvinen (2003) present a novel metaphor for strategic management - namely, that of the strategy river metaphor, as further explained in Section 2.6.5 below. It uses a meta-theoretical approach which accumulates theoretical knowledge from different disciplinary thought streams and represents them as a sole construct. The strategy river metaphor underlines timing and relationship between company strategies and environments, strategic momentum and decision-making. Nichols (2014) mentions that water is the most omnipresent substance on earth and, along with air, the primary ingredient for supporting life, much like entrepreneurship can be.

This inspiration from the strategy river metaphor leads to the river confluence metaphor below.

2.6.5 River Confluence Metaphor from Nature

In geography, a confluence is the meeting of two or more bodies of water (Chaudry, 2014). It alludes to the point where a tributary joins a larger river, or where two streams meet to become the source of a new river. While confluence (or conflux) means a flowing together of two or more rivers to become one, it is more often used to talk about the coming together of factors or ideas, or of cultures in a diverse setting, or the combination of multiple strategies and ideas into one complete strategy.

River confluences are unique and complex phenomena in a river network, and which possess numerous downstream effects upon the main stream (Chakraborty & Mukhopadhyay, 2014). The researcher uses a river confluence metaphor to make the entrepreneurial strategy paradigm easier to apply as part of managerial decision-making, to be the rich and unifying construct of entrepreneurship that has been lacking (Lamberg & Parvinen, 2003), as well as reflecting its influence on downstream innovation and value growth.

The Entrepreneurial Confluence is the meeting point of the three tributaries of ENTERPRISE, EVOLUTION and EXECUTION, which is the source of the river of INNOVATION which leads to GROWTH, as shown in the bird's eye view in Figure 2.21 below. The 12 sub-factors that have been discussed in Section 2.5 and which are grouped into the three typologies of

Entrepreneurial Confluence, can be viewed as smaller streams respectively flowing into the three main tributaries of ENTERPRISE (Future Orientation, Environmental Knowledge, Opportunity-Seeking, Risk-Taking), EVOLUTION (Internal Transformation, Game-Changing, Adaptability & Flexibility, Learning) and EXECUTION (Structure, Resource Mobilisation & Management, Alignment, Risk Management). These together constitute the new Entrepreneurial Confluence paradigm of entrepreneurial strategy investigated in this study.

The use of geographical water bodies mirrors the concept of research streams (Freiling, 2009) in research studies, and just as water makes connections (Nichols, 2014), this analogises the fusion of the waters at the confluence that results in very complex flow patterns (Brooks, 1985) and links this to the Schumpeterian new combinations and the gale of creative destruction that entrepreneurial behaviour unleashes within a unifying paradigm of entrepreneurial strategy.

Figure 2.21: ENTREPRENEURIAL CONFLUENCE - Metaphor from Nature



Source: Researcher's own compilation, 2016

Today, most social phenomena such as entrepreneurship are convoluted and linked to numerous bodies of knowledge from different disciplines (Jabareen, 2009).

This view of entrepreneurial strategy seeks to bring together the fragmented landscape (Burg & Romme, 2014) of entrepreneurship research and provide a river confluence metaphor to enhance understanding and to inform entrepreneurial action. This new paradigm is discussed below in Section 2.6.6.

2.6.6 A New Paradigm of Entrepreneurial Strategy

The researcher deems entrepreneurship to be a core competence that is critical for innovative firms seeking to disrupt the basis of competition in their industries and hatching original business models (Hamel, 1996) that deliver growth.

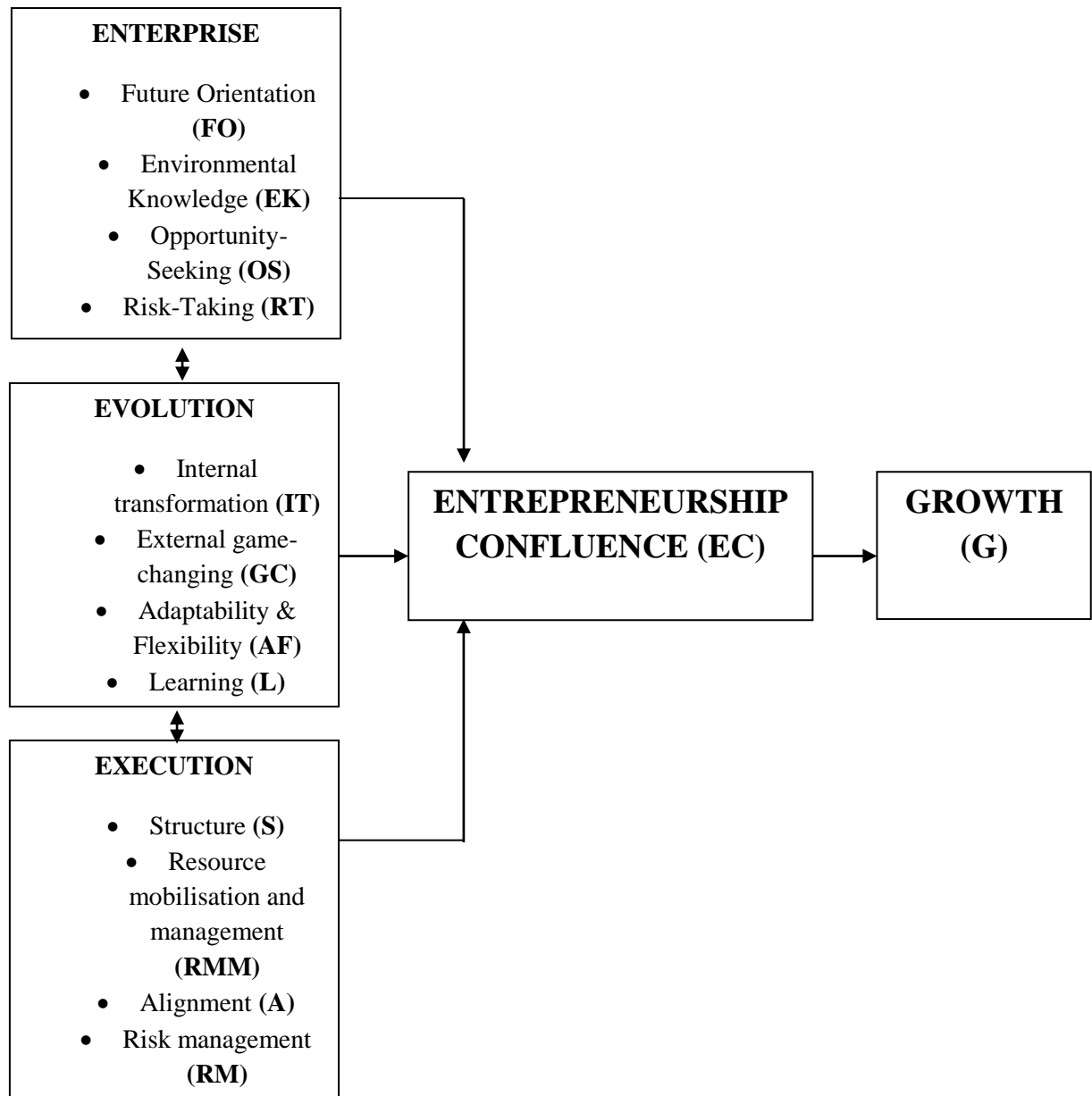
The idea that entrepreneurship and innovation are essential elements of organisational growth strategy is not new. However, the researcher seeks to move from the definition of the firm as a coherent administrative organisation (Penrose, 1959) to one of the firm as a coherent entrepreneurial organisation. From a management perspective, organisations that are entrepreneurial should be enterprising, evolutionary and able to execute, in order to innovate and create sustainable growth. The integrated view that the author proposes puts this dynamic construct at the centre of strategic management practice in an increasingly globalised world. An entrepreneurial orientation drives SME innovation (Karen, Hermens, Kai-Ping & Chelliah, 2015). Entrepreneurship is the new core meta-competence, innovation is the new capability and the creation of superior growth is the inevitable outcome. This is, ultimately, what Handy (2002) says that business is for.

The emerging paradigm of entrepreneurial strategy - that is, Entrepreneurial Confluence - views growth as an outcome of entrepreneurial behaviour. The researcher rearranges most of the largely externally-focused key words used in most of the definitive research on entrepreneurship (Morris et al., 2008) discussed in Section 2.3.4 above into the concept of ENTERPRISE as Future Orientation, Opportunity-Seeking and Risk-Taking. Additionally, the new factors of Internal Transformation, Adaptability and Flexibility, Learning, Structure and Alignment are included under EVOLUTION and EXECUTION. Environmental Knowledge, as a critical part of the modern-day resource-based view of the firm, is an element of Enterprise and an influence on the EVOLUTION of the firm. Essentially, EVOLUTION and EXECUTION are about the internal make-up of an entrepreneurial and growing firm, and complement the largely external view of entrepreneurship, and which characterised Schumpeterian 'creative destruction'. An entrepreneurially-confluent firm creatively transforms both itself, as well as its market place, for enduring value growth.

Figure 2.22 reflects the approach of Al-Debei and Avison (2010) in the construction of a typology that classifies the different definitions of entrepreneurship into 12 streams per the river confluence metaphor of Section 2.6.5. above, which are complementary and are constituents of the higher level of abstraction – ENTERPRISE, EVOLUTION and EXECUTION. This abstraction was introduced in 2.5.1 above as part of the new view of entrepreneurship.

The Entrepreneurial Confluence paradigm is shown in Figure 2.22 below:

Figure 2.22: Entrepreneurial Confluence Typology



Source: Researcher's own compilation, 2016

2.7 CONCLUSION

The practice of entrepreneurship and the spirit of innovation are appropriate responses to globalisation and the winds of change. All companies need to develop a critical mass of entrepreneurship (Thornberry, 2003) if they are to prosper and grow.

But what is the definition of this much-desired entrepreneurship today? The literature review revealed many aspects of entrepreneurship, and confirmed the absence of a unifying framework to aid understanding. How can entrepreneurship be both better understood and systematically embedded in society towards the creation of sustainable enterprises run by innovative entrepreneurs?

What is apparent is that entrepreneurship is not so much about personality as it is about behaviour. It is also not a new venture phenomenon, but can be applied in existing enterprises to create value. The literature review has also shown that, while much research has been done about entrepreneurship, little exists on its derivative - entrepreneurial strategy. The plan of action to create and grow enterprises, which the researcher calls entrepreneurial strategy, is relatively absent in the research discourse. An updated paradigm for it, which combines the best of individual entrepreneurship and corporate strategic management in one construct, is lacking. Additionally, researchers have focused on the opportunity-seeking and risk-taking approach of the entrepreneur in the business environment, and not much on the internal make-up of the entrepreneurial firm that delivers sustainable and enduring entrepreneurial success. Thus, entrepreneurial strategy entails both the creation and growth of both new and existing enterprises, and looks at what is inside a growing entrepreneurial firm which can promote or constrain its growth, depending on how well it is managed.

The new perspective of entrepreneurial strategy is encompassed in the paradigm statement which is inspired by the river confluence metaphor and was also typologised in Figure 2.22 above.

In Chapter 3, the researcher hypothesises that Entrepreneurial Confluence is inside the entrepreneurial firm and accounts for this growth trajectory from a start-up to an established business. A research methodology is designed to explore this hypothesis.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter 3 discusses the research methodology that was used to allow the discovery of relevant findings considered in Chapter 4 and the conclusion of the research in Chapter 5.

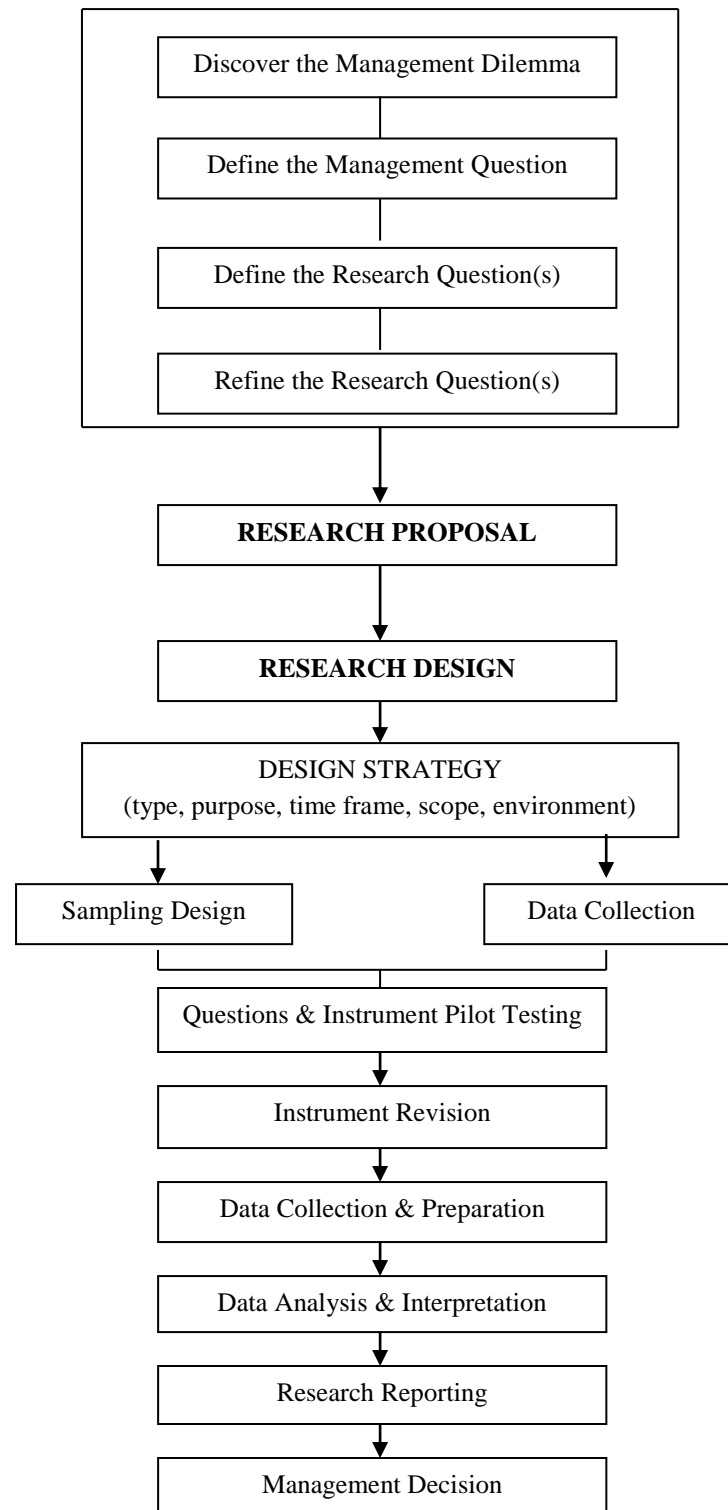
There are different but complementary frameworks for the development of a research process (Neuman, 2000) which is a crucial aspect of research methodology (Karami, 2007).

The researcher proposed a testable hypothesis about the relationship between entrepreneurial strategy and the start-up and growth of firms, and illustrated how the related variables were to be measured and tested via the self-developed Entrepreneurial Confluence Measuring Instrument (ECMI), and assessed the results of the enquiry to either confirm or discard the hypothesis, as guided by Karami (2007).

As there is no consensus about how to do research (Karami, 2007), the key issue faced by the researcher was how to focus and delimit the research challenge, and to choose a relevant research strategy (Neergaard & Ulhøi, 2007).

After considering several approaches, the researcher finally took inspiration from the following research process proposed by Cooper and Schindler (2011), presented in Figure 3.1 below:

Figure 3.1: Business Research Steps



Source: Cooper and Schindler, 2011

Drawing on the model of Cooper and Schindler (2001) in Figure 3.1 above, the researcher proceeded to craft a reliable and valid research methodology with the following broad steps:

- I. STATEMENT OF THE PROBLEM (Section 3.2 below)
- II. PARADIGM STATEMENT (Section 3.3 below)
- III. HYPOTHESIS (Section 3.4 below)
- IV. STUDY DESIGN (Section 3.5 below)
- V. STUDY POPULATION and SAMPLING (Section 3.6 below)
- VI. DATA COLLECTION METHODS and INSTRUMENTS (Section 3.7 below)
- VII. DATA ANALYSIS (Section 3.8 below)
- VIII. TRIANGULATION (Section 3.9 below)
- IX. ETHICAL CONSIDERATIONS (Section 3.10 below)
- X. PARTICIPANTS IN THE STUDY (Section 3.11 below)

Reliability and validity are discussed under Section 3.7, which deals with data collection methods and instruments, and further in Chapter 4.

3.2 STATEMENT OF THE PROBLEM

A thorough literature review in Chapter 2 indicated that, primarily, the entrepreneurial construct has many definitions, is still to be fully understood and lacks an updated and unifying framework. Research has often wrongly focused on who the entrepreneurs are themselves rather than the behaviour and actions of entrepreneurs (Gartner, 1988).

Additionally, not much research has been done on the ‘insides’ (Penrose, 1959) of enduring entrepreneurial organisations that have contributed to their growth over time. This is crucial, as entrepreneurship is about growing and not only starting new businesses (Shane, 2007).

Finally, there has been little research over recent decades on entrepreneurial strategy which can deliver that growth.

There is a gap in the existing paradigm of entrepreneurial strategy and a consequent need for a new paradigm of entrepreneurial strategy which is described in Section 3.3 below.

3.3 ENTREPRENEURIAL CONFLUENCE PARADIGM

3.3.1 Entrepreneurial Confluence Paradigm Statement

In today’s hyper-competitive, globalised business landscape, entrepreneurial strategy is defined at the confluence of the continuous identification of new, risk-adjusted opportunities and formulation of concomitant plans (ENTERPRISE), the adaptation and transformation of a firm’s environments, ideas and business models to viable products or services (EVOLUTION), and the discipline to ‘get new things done’ or make things happen to deliver results against the strategy or vision (EXECUTION).

This study accordingly investigates whether successful firms at the *Entrepreneurial Confluence* (entrepreneurially-confluent) create and grow enduring value through innovation.

3.4 HYPOTHESIS

3.4.1 Entrepreneurial Confluence Hypothesis

Using Welman and Kruger (2001), the researcher developed the Entrepreneurial Confluence research hypothesis about the connection between the various operationalised variables of entrepreneurial strategy and firm growth. In the investigation of the research hypothesis, the design of a study to obtain appropriate data for investigating the hypothesis of interest is discussed in Section 3.5-3.7, while the measurement of variables in the hypothesis is attended to in Section 3.8, and the statistical assessment of the obtained data is dealt with in Chapter 4 (Huysamen, 1990).

To investigate a research hypothesis via inferential statistics, the researcher transformed it into a statistical hypothesis consisting of two complementary statements of null hypothesis and alternative hypothesis. The alternative hypothesis was used to reflect the research proposition in such a way that it (the research hypothesis) will have been supported by the rejection of the null hypothesis (Welman & Kruger, 2001). The researcher developed the following hypothesis statements as follows:

Ho (null hypothesis)

Entrepreneurial Confluence WILL NOT BE positively related to the creation and growth of enduring value within organisations.

The null hypothesis as antithetical to the alternative hypothesis H1 below, and contends that Entrepreneurial Confluence as defined in Section 3.3.1 above is not a positive influence on growth and value creation in entrepreneurial firms.

H1 (alternative hypothesis)

Entrepreneurial Confluence WILL BE positively related to the creation and growth of enduring value within organisations.

This study explores whether Entrepreneurial Confluence as a paradigm explained in Section 3.3 above, can create and grow enduring value in entrepreneurial firms if applied.

Ho2 (null sub-hypothesis)

Enterprise, Evolution and Execution ARE NOT positively related to Entrepreneurial Confluence.

H1 2 (alternative sub-hypothesis)

Enterprise, Evolution and Execution ARE positively related to Entrepreneurial Confluence. As indicated in Section 3.3.1 above and discussed further below in Section 3.4.2, secondary and first stage variables of Enterprise, Evolution and Execution confluent affect the primary variable of Entrepreneurial Confluence which then impacts positively on the growth of firms. This hypothetical flow-through is aligned to the river confluence metaphor of Section 2.6.5 above and found the sub-hypotheses H1 2 and Ho3.

Ho3 (null sub-hypothesis)

Enterprise, Evolution and Execution ARE NOT mutually present and important for a firm to be considered 'entrepreneurially-confluent'.

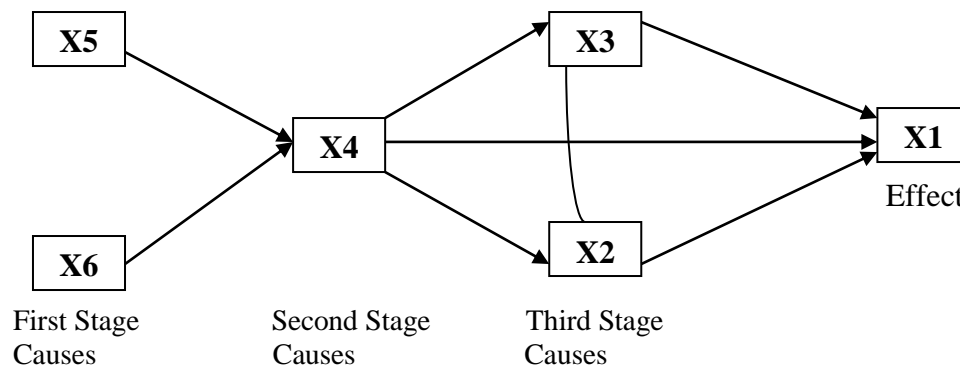
Ho3 (alternative sub-hypothesis)

Enterprise, Evolution and Execution ARE mutually present and important for a firm to be considered 'entrepreneurially-confluent'.

3.4.2 Entrepreneurial Confluence Hypothesis Causal Model

The researcher looked at Hirschman (1986), and how first stage causes (X5, X6) could lead to second stage causes (X4) which could have a direct effect (X1) or indirectly via third stage causes (X2, X3), as shown in Figure 3.2 below:

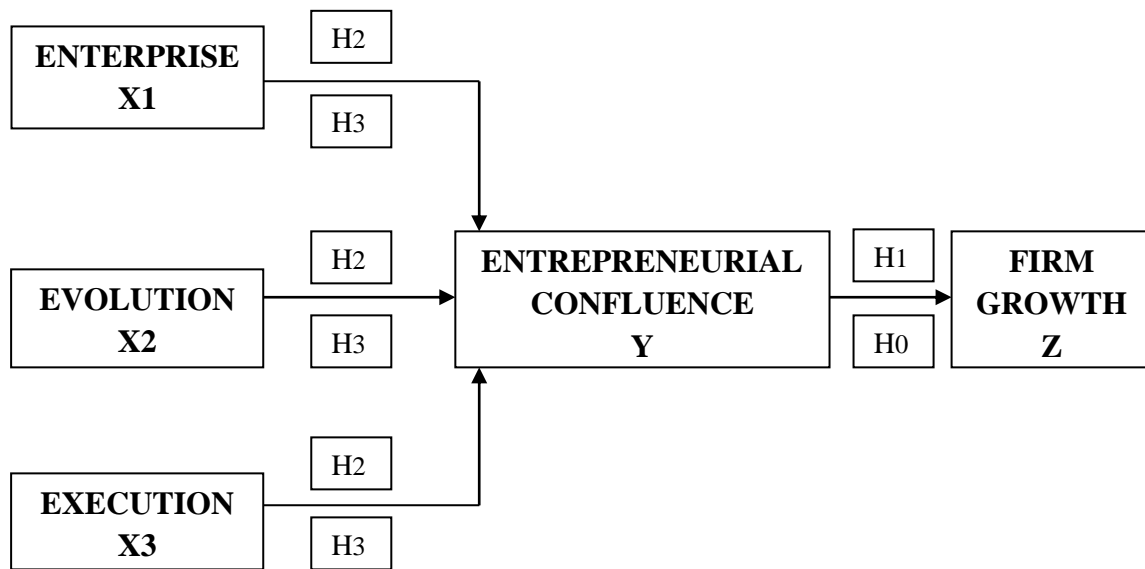
Figure 3.2: A Priori Conceptualisation



Source: Hirschman, 1986

This led to the representation below of the researcher's hypothesis in Section 3.4.1 where the secondary and first stage variables (X) of Enterprise, Evolution and Execution were treated as feeding into Entrepreneurial Confluence as a primary second variable (Y), which in turn was regarded as a sufficient or necessary cause of the firm growth effect (Z). Growth which is represented as the effect (Z) was for the purposes of this research, taken as a controlled variable, while correlated variables (X) and (Y) were independent (Welman & Kruger, 2001). The causal relationships between variables (X) were considered reciprocal and mutually causal, while variables (X) related uni-directionally or non-recursively with variable (Y) which in turn related uni-directionally and non-recursively with dependent variable (Z). Therefore, the chain of causality in the research hypothesis above can be represented as in Figure 3.3 below:

Figure 3.3: Entrepreneurial Confluence Hypothesis Causal Model



Source: Researcher's own compilation, 2016

Key

- → Unidirectional relationship
- ↔ Reciprocal relationship

The relationships between variables as described above influenced the study design as discussed in Section 3.5 below.

The hypothetical relationship amongst the variables is consistent with the river confluence metaphor introduced in Section 2.6.5 whereby the three streams of Enterprise (X1), Evolution (X2) and Execution (X3) run independently of each other, but are mutually present at the Entrepreneurial Confluence (Y) at which they have a unidirectional and positive impact, and on the downstream growth variable (Z).

3.5 STUDY DESIGN

3.5.1 Introduction

This section discusses the plan by which research participants were obtained and information collected from them for analysis, in order to reach conclusions about the research problem (Welman & Kruger, 2001). The researcher also details the procedures used in data collection, analysis and interpretation that allowed valid answers to the research questions to be obtained (Gelo, Braakmann & Benetka, 2008).

As the methodology incorporated the development of a new questionnaire, the principles behind research (Remenyi, Williams, Money & Swartz, 1998) had to be carefully enunciated in more detail. Either way, good research emerges from the relevance and clarity between the purpose, the method and the analysis (Delattre et al., 2009). This is explored further below.

3.5.2 Purpose of Study

The researcher considered that, while there are numerous reasons to do research, such as to explore, describe or explain why a social phenomenon occurs, one purpose often dominates (Neuman, 2000). The dominant reason for this research was to explore the phenomenon of entrepreneurial strategy to provide an answer to the research question.

Additionally, as social researchers use either quantitative and qualitative methods (Zawawi, 2006) depending on whether the research aims to explore or to test (Delattre, 2009) and, for instance, exploratory studies regularly use qualitative methods, while testing normally requires quantitative methods (Hohenthal, 2006), it is important to gain a better understanding of both.

3.5.3 Qualitative Research

The researcher understood qualitative research as seeking to provide rich descriptions of the entrepreneurial strategy phenomenon under investigation (Gelo et al., 2008), to comprehend or interpret it (Denzin & Lincoln, 1994).

The crucial inquiry in the use of qualitative research was how to theorise and generalise from data, rather than whether the data prove a given theory (Bryman, 2008) and whether this was in line with the answering of the research question.

3.5.4 Quantitative Research

The quantitative research approach was considered as mostly numerical and intended to ensure objectivity and reliability, while testing the theory by way of observation and data accumulation, the discoveries of which after analysis could either affirm or dismiss the underlying hypothesis (Zawawi, 2006). An important issue for the researcher was whether a hypothesis would be necessary as part of the exploration of the qualitative research question and in what way the causal connections between variables would be explored (Zawawi, 2006).

Can the research incorporate both qualitative and quantitative elements or does one use either, the researcher pondered? This is discussed below.

3.5.5 Paradigm Wars

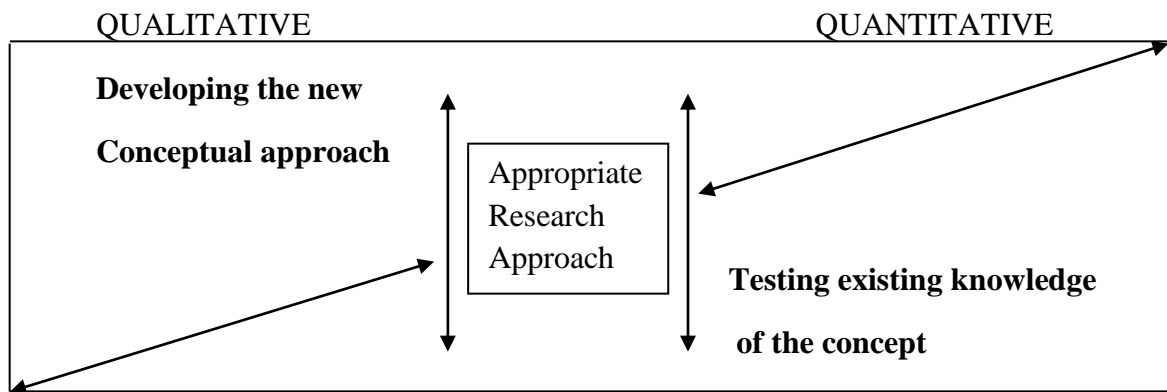
The researcher noted that qualitative and quantitative approaches are often foes in a tussle (Neergaard & Ulhoi, 2007) called paradigm wars, where qualitative and quantitative researchers criticise the respective assumptions underlying each (Bryman 2008), even though they are more complementary than dichotomous (Gelo et al., Nicholls, 2009), and have more similarities between them than differences (Onwuegbuzie & Leech, 2005).

While qualitative and quantitative research focus on theory-building and theory-testing respectively (Onwuegbuzie & Leech, 2005), the researcher decided that both were required to get an innovative and comprehensive understanding of entrepreneurial strategy (Onwuegbuzie & Leech, 2005), (Shah & Corley, 2006), as in profoundly dynamic and indeterminate situations there is no single generic approach to research (Karami, 2007) that can do complete justice (Neergaard & Ulhoi, 2007).

Luckily, some research techniques such as interviews or observations can be analysed and interpreted either quantitatively or qualitatively (Zawawi, 2006) and this was kept in mind for the development of the survey instrument as well as its analysis.

So, to conduct a better and more appropriate study, the researcher consolidated the best elements of each (Neuman, 2000), as shown in Figure 3.4 below:

Figure 3-4: Appropriate Research Approach



Source: Karami, 2007

It was acknowledged by the researcher that the complexity of the world today requires the utilisation of adaptable research methods that can capture life circumstances suitably (Koller, 2008). For instance, qualitative studies tended to focus on developing conceptual knowledge in ever-changing situations, while quantitative studies were favoured for testing and validating existing conceptual knowledge in unchanging environments (Karami, 2007).

In this manner, the researcher relied on mixed methods to improve the rigour of his research (Rocco et al., 2003) and this is discussed further below.

3.5.6 Mixed Methods

The researcher used a mixed method approach, incorporating both quantitative and qualitative research approaches (Gelo et al., 2008) into one study and reasoned that it would be best to blend the two approaches to best answer critical enquiries in entrepreneurial strategy research, as guided by Johnson and Onwuegbuzie (2004).

The researcher then assessed the fitness of the chosen research approach above, by comparing the kind of research approaches commonly applied to entrepreneurship research, as related below.

3.5.7 Entrepreneurship Research

Recently, entrepreneurship research has experienced increased criticism that it does not have a theoretical framework that underpins the phenomenon. Much of this arose from the absence of a broadly-accepted explanation of entrepreneurship, researchers' descriptive orientation, lack of conceptual adequacy, commonsense nature of findings, reductionism at the expense of complexity and lack of sufficient methodological detail and scientific rigour. Thus, critics called for more rigorous research methods to explore the entrepreneurship phenomenon (Dana, 2004).

In its defence, however, research on entrepreneurship was still viewed as young and therefore theoretical agreement would have to come before empirical agreement, as a theory must be constructed before it can be tested (Eisenhardt, 1989). Hence, entrepreneurship research efforts should be largely focused on theory construction rather than theory testing. The process of theory building delimits the phenomenon to be studied, identifies relevant constructs and develops a hypothesis (Eisenhardt, 1989).

Within entrepreneurship as well, researchers have used either qualitative or quantitative methods. But the phenomenon of entrepreneurship can be studied using a mix of methods, as it is too complicated to be addressed by a single method (Neergaard & Ulhøi, 2007). Indeed, one of the founders of entrepreneurship research in Europe, James Curran, viewed research as a craft and researchers as skilled craftsmen who can use all the methodological tools at their disposal. This is reminiscent of Mintzberg's (1987b) view of strategists as 'craftsmen', described in Chapter 2 above.

Therefore, the researcher applied a mixed method approach to add to the scientific rigour of the study, and to lead towards the building of a new paradigm of entrepreneurial strategy to answer the research question.

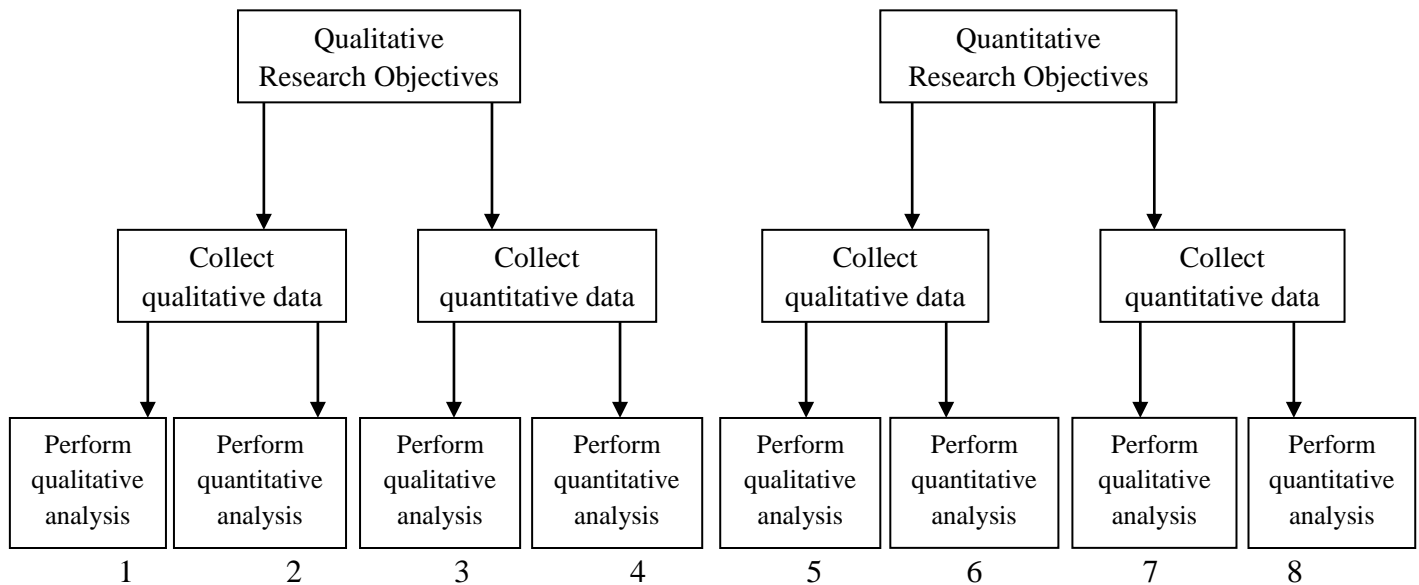
3.5.8 Mono Method and Mixed Model Designs

The researcher considered the use of either a mixed model which mixes qualitative and quantitative approaches within or across research stages or mixed method which incorporates quantitative and qualitative stages in a research study (Johnson & Onwuegbuzie, 2004). The fully mixed method technique that uses both qualitative and quantitative research within one

or more of the objectives, data, operations, analysis and inference of a single research study (Johnson & Onwuegbuzie, 2004) was chosen.

Mixed-method designs are shown in Figure 3.5 below:

Figure 3.5: Mixed Method Design

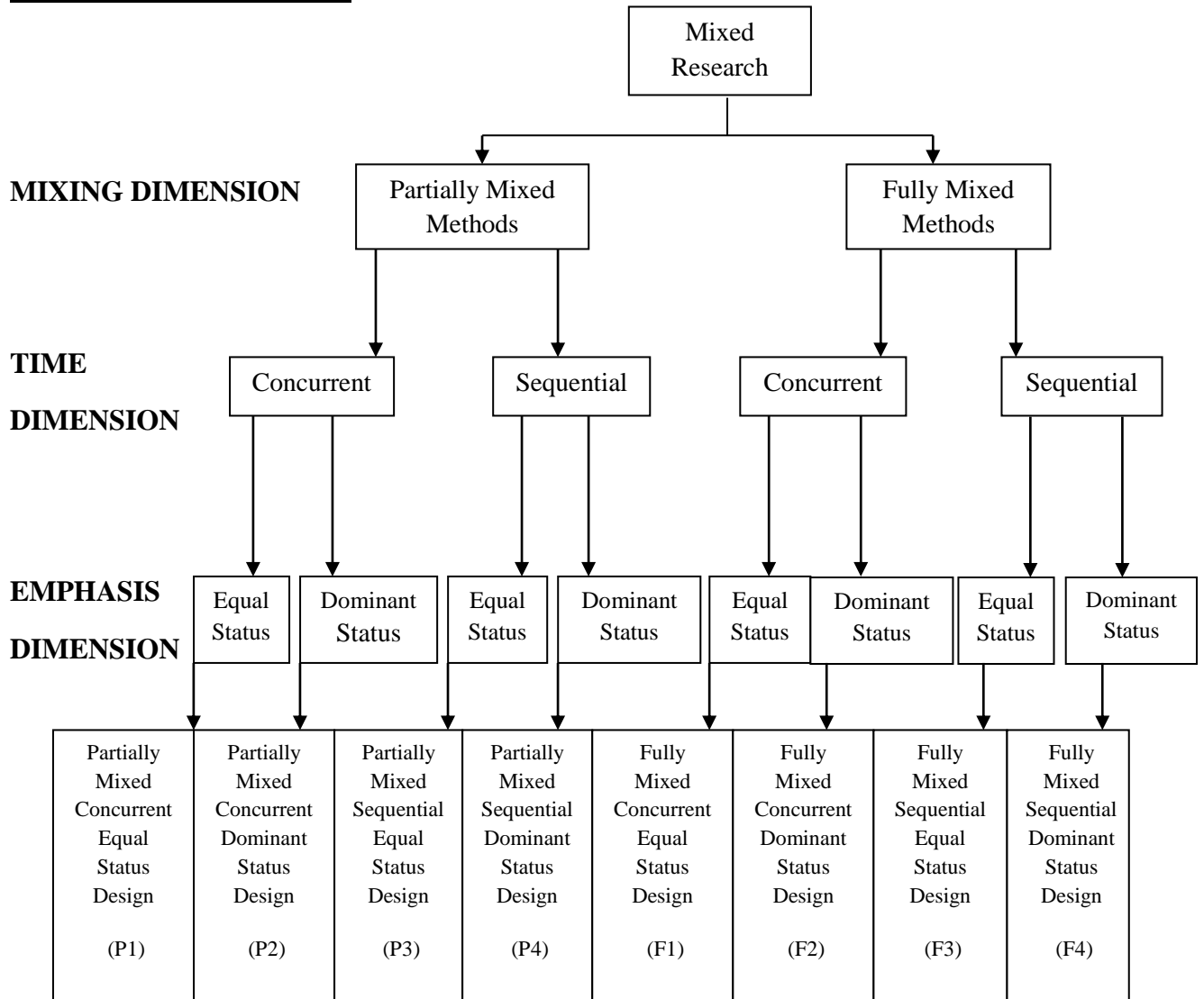


Source: Johnson and Onwuegbuzie, 2004

3.5.9 Mixed Research

The researcher further understood the fact that mixed research designs can be indicative of the level of mixing (partially mixed versus fully mixed), time orientation (concurrent – occur at same point in time versus sequential – occur one after the other) and emphasis of approaches (equal status versus dominant status). This is shown in Figure 3.6 below:

Figure 3.6: Mixed Research



Source: Leech and Onwuegbuzie, 2009

All the considerations of Section 3.5 resulted in the researcher adopting the approach summarised in Section 3.5.10 below.

3.5.10 Conclusion

Several questions needed to be answered in the formulation of the right approach to answering the research question. The researcher answered and applied the mixed-method questions as follows:

QUESTION	RESEARCH ANSWER
WHEN?	<p>Multiple points in the research as follows:</p> <p>Problem Statement – Qualitative</p> <p>Statement of Research Question – Qualitative</p> <p>Sampling – Qualitative (purposive)</p> <p>Data Collection</p> <ul style="list-style-type: none"> - Qualitative (semi-structured interview) and Quantitative (Likert scale survey questionnaire) with CEO/Founder/Chairman) <p>Data Analysis</p> <ul style="list-style-type: none"> - Qualitative (semi-structured interview) - Quantitative (Likert-scale data) <p>Findings</p> <ul style="list-style-type: none"> - Qualitative (inferring from the interpretation of the findings and answering research question) - Quantitative (rejection of null hypothesis/acceptance of alternative hypothesis)
IN WHAT ORDER?	Sequentially/Interactively
AT WHAT LEVEL?	Within levels
IN WHAT PROPORTIONS?	<p>Qualitative more dominant in terms of research question, interview and findings. Quantitative more dominant in survey questionnaire and hypothesis testing. However, proportions are close but not equal. It is more weighted towards QUALITATIVE overall.</p>

TOOLS/TECHNIQUES?	Quantitative – Scaled questionnaire Qualitative – Semi-structured interview
DOES THE TYPE OF DATA DICTATE THE TYPE OF ANALYSIS?	Qualitative data will be analysed qualitatively Quantitative data will be analysed both quantitatively and qualitatively
BENEFIT OF MIXING?	Increases the study's validity, interpretability, depth, breadth and scope of inquiry

In summary, an exploratory, fully mixed, sequential, predominantly qualitative research method will be used to create a generalisable paradigm of the creation and growth of firms which is F4 in Figure 3.6 above.

3.6 STUDY POPULATION AND SAMPLING

The researcher took note of sampling issues in addressing sample size, origin, type and potential biases (Mullen, Budera & Doney, 2009), as discussed below.

3.6.1 Sampling Methods

Welman and Kruger (2001) indicate two types of sampling methods - that is, probability (simple, stratified random, systematic, cluster) and non-probability (accidental, incidental, purposive, quota, snowball). The researcher noted that, in quantitative research, the sampling goal is to pick individuals that reflect the greater population in such a manner that results from the sample can be generalised to the population (Gelo et al., 2008).

However, as the researcher sought to answer a qualitative research question, the preoccupation was with sampling adequate numbers of participants or data for the study, using a variety of non-probability sampling techniques such as purposive, deviant, typical case, homogenous and convenience.

It was important for the researcher to understand that in qualitative approaches, random sampling was not suitable (Shah & Corley, 2006), as the aim was to test participants in the study who could provide important insights into the phenomenon of the study.

Given that purposive sampling is the most important (Welman & Kruger, 2001), and almost exclusively the kind used that enables the picking of rich cases to be thoroughly studied (Gelo et al., 2008), the researcher chose purposive sampling. Hence, the researcher approached a group of entrepreneurial people thought to share a typical experience, and samples from that group of individuals who were willing and able to engage freely about these experiences (Nicholls, 2009). The purposive sampling approach of the researcher concentrated on getting a practicable and pertinent group of individuals among whom entrepreneurial strategy is common, in order to obtain a more informed view of the phenomenon (Neergaard & Ulhoi, 2007).

Another consideration was that research into phenomena typically uses as few participants as practically possible, because choosing the numbers of participants for a qualitative study is

not easy, and more is not generally better (Nicholls, 2009), as is the case with quantitative studies.

A review of entrepreneurship studies by the researcher also uncovered that sample sizes varied, data came from interviews and questionnaires, simple statistical tools such as correlations and t-tests were utilised in data analysis, and not many original measurement instruments were created (Mullen et al., 2009). It appears that in entrepreneurial research, small sample sizes of thirty or fewer represented most of the population (Bless & Kathura, 1993). Furthermore, for most entrepreneurial researchers, it seemed hard to collect data from a random sample of the population (Mullen et al., 2009).

In view of the above, a purposive sample of at least 30 units of analysis was initially sought by the researcher from the sampling frame per Section 3.6.4 below.

3.6.2 Unit of Analysis

The central issue in the selection of the right unit of analysis is to consider what should be concluded about the unit at the end of the study (Grunbaum, 2007). Bearing in mind the research question, the idea was to infer at the end of the research that the unit of analysis grew because of the application of the emerging paradigm of entrepreneurial strategy – Entrepreneurial Confluence – by the unit of observation, that is, the entrepreneurial business leader. Hence, the researcher, like Freiling (2009), saw the unit of analysis as being the firm, and the practitioners of entrepreneurial strategy within it as worthy of observation.

So, using Babbie (1998), the units of analysis consisted of firms the researcher chose per the sample selection process discussed in Section 3.6.3 below, and the ease of access to and cooperation of the top-level executives, as recommended by Miller (1983). All responses were to be obtained by means of interviews completed face-to-face or remotely. In most of the cases, the data were supplied by the chief executive or their nominee as, according to Miller (1983), such internal leaders who can define their destiny are likely to be more entrepreneurial than not, and the most accurate source for collecting the information required and for gauging data related to the firm's strategic management practices (Karami, 2007).

Entrepreneurship is very much about the lived experience (Popp & Holt, 2013) and, hence, the unit of analysis is the entrepreneurial and/or growing firm, the units of observation are the

founders/CEO/Chairman/Executive Committee members, with the objective being to measure the level of 'Entrepreneurial Confluence'.

3.6.3 Sample Selection

The assessment of entrepreneurial strategy literature in Chapter 2 revealed to the researcher that entrepreneurial behaviour can be a feature of all types of firms, no matter the size, age and profitability (Kraus, Fink, Robl & Jensen, 2007).

A case in point is that small- and medium-sized enterprises (SMEs) are independently owned and operated, and not leaders in their field (United States of America, 1958). In a typical SME, management is independent and usually also part of the ownership structure; capital is supplied by an individual founder, family or small investor group which holds ownership; and the area of operations is mainly local (Karami, 2007).

Research has, however, shown that a firm's growth, its variability or the probability of whether a firm will survive or fall depends on its age. So, maturity is important in analysing the growth and survival of SMEs (Bhattacharya, 2014). The recent research of Davis, Hall and Mayer (2016) has considered long-term entrepreneurial success as being identified through factors such as capital raising, revenue and profitability, number of companies started (serial entrepreneurship), number of successful exits - for example, by initial public offering - and longevity.

It followed then that a review of what could encourage or inhibit entrepreneurial growth could best be viewed in firms that have survived and grown beyond the small business stage. In the researcher's sample, therefore, the firm unit of analysis was not independently owned and operated; managers were not necessarily significant owners; capital was sourced externally with a large group of public institutional and individual investors who hold an influential ownership; and the area of operations was country-based, continent-wide and/or global.

Essentially, the researcher's sample was the opposite of SMEs to mine the secret sauce of scalable and significant outcomes of entrepreneurial activity. These larger established companies once were SMEs and their survival and growth has important lessons for small businesses going through a similar path and evolution, as was proposed by Karami (2007) in Section 2.3.4.18 above.

The sampling frame from which the units were selected is discussed further below.

3.6.4 Sampling Frame

The units of analysis were selected from the sampling frame (Welman & Kruger 2001) in Figure 3.7, derived from the Ernst and Young (EY) World Entrepreneur Awards South Africa chapter discussed in Section 3.6.4.1 below, and the Financial Mail Top 200 Companies Award as in Section 3.6.4.2 below.

3.6.4.1 Ernst and Young (EY) World Entrepreneur Awards (www.ey.com)

The EY (formerly Ernst and Young) World Entrepreneur Awards are the world's most respected business awards for entrepreneurs. The EY process commenced in 1986 globally and in 1998 in South Africa, and is presented annually in more than 140 cities worldwide, in a process where nominations are submitted on the official nomination form by anyone, including employees, company advisors, financiers, entrepreneurs themselves or their peers. A proviso is that the nominee must be a founder/owner (or joint founder/owner), mainly responsible for the recent performance of a company that is 5-10 years old and has a turnover of at least \$50 million. Founders of listed companies are eligible, provided the founder is still active in senior management. The nominee must own some equity to be considered.

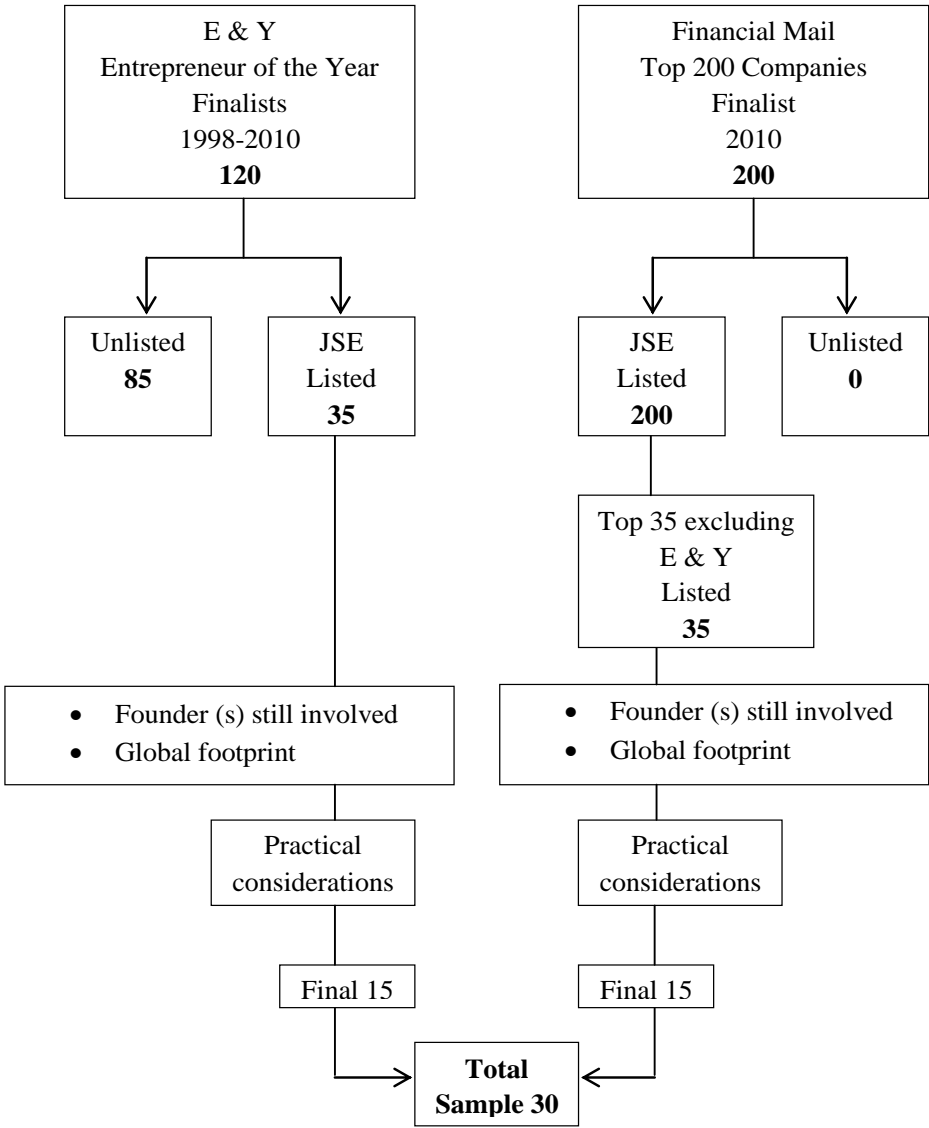
3.6.4.2 Financial Mail Top 200 Companies Report (www.topcompanies.co.za)

Every year, the widely respected Financial Mail publication engages in a leading review of South Africa's JSE listed companies. The outcome of this research is a Top Companies supplement which details, inter alia, the top 200 companies judged per the ranking criteria of Internal Rate of Return (IRR) for 5 years to 2010, Earnings per Share (EPS) Growth over a 5-year period, latest Return on Equity (ROE), latest Return on Assets, 5-year Dividend yield average, and pre-tax profit growth over a 5-year period.

Because of this, the researcher initially sought a sample of 30 firms chosen from the EY Entrepreneur of the Year programme (Appendix 2), as well as from the FM Top Companies survey report (Appendix 3). This method of triangulation shows that by various judging criteria, these firms are successful high-growth and entrepreneurially-managed firms. The sampling frame, therefore, consists of firms whose entrepreneurial leader has been nominated for the EY Awards, as well as those firms that are appraised annually and objectively by the

respected Financial Mail. In most cases, the firms appear on both lists. The researcher’s sample was selected as per Figure 3.7 below:

Figure 3.7: Sampling Frame



Source: Researcher’s own compilation, 2016

The units of analysis in both sampling frames in Appendices 2 and 3 were coded as Sampling Frame (SF), with a number denoting their position in the frame, for confidentiality purposes. One of the units in Appendix 2 was chosen for the second pilot test and coded as SFP for the

sampling frame pilot. As discussed below, some of the units were replaced and these were coded R if from South Africa or A if from the rest of Africa and are indicated in Appendix 8.

3.6.4.3 Final Sample

The final sample had variations in terms of size, source and composition. Section 3.6.4 above indicated the sampling frame from which at least 30 participants as per Section 3.6.1 would be selected, from the EY Entrepreneur of the Year (Appendix 2) and the Financial Mail (Appendix 3) lists, and composed of South African companies listed on the JSE.

The pilot test participant and the first 26 respondents out of the initial target sample size of 30 came from the sampling frame above. This indicates a response rate of 80%. However, to reduce the risk of lower than expected response levels, the invitations had been sent to more firms. A better than expected response rate was noted, as the final sample consisted of 41 respondents, 26 of whom came from the original sampling frame, with an additional four from companies domiciled in the other African countries of Nigeria, Kenya, Botswana and Zimbabwe. Seven of the 11 replacements from South Africa were still selected from the EY (Appendix 2) and Financial Mail (Appendix 3) lists, with the other four being prominent black economic empowerment entities with significant shareholding in JSE listed entities. The additional respondents are listed in Appendix 9.

These positive developments in sample size, source and mix did not change the research strategy, but in fact enriched it by providing more participants, as well as a better mix from those from West, East and Central Africa to complement the core South African cohort. The sample was also composed of nine winners of the EY South Africa Master Entrepreneur of the Year Awards, as well as two Lifetime Achievement Award honorees. The final units of analysis and observation are listed in Appendix 7.

3.6.5 Sample Statements

The research sample was characterised by the following:

- The majority of the sample is derived from EY Entrepreneur of the Year Award JSE-listed finalists from inception in 1998 to 2011 and from the FM Top 200 list of companies for 2010,
- 41 respondents were observed,
- Of the 41, four were from other African countries and listed on the stock exchanges of their countries of domicile,
- The market value of the sampling frames as per Appendix 2 and 3 represented approximately 35% of the total market capitalisation of the Johannesburg Stock Exchange, which is the 19th largest stock exchange in the world and the largest in Africa.

The sample consists of a broad depiction of businesses of different types, sizes and economic sectors, and there is no firm type, firm or sector that dominates the sample. Thus, the exploratory findings derived therefrom should be greatly generalisable (Miller, 1983).

3.7 DATA COLLECTION METHODS AND INSTRUMENTS

3.7.1 Data Collection Methods

As a measurement method comprises the rater or researcher, the instrument and the procedure (Burton-Jones, 2009), this section details the researcher's considerations and the process necessary in the use of either a suitable existing instrument or the construction of a new instrument to measure entrepreneurial confluence.

3.7.2 Data Collection Instrument

One of the key aspects of the research process lies in the collection of data (Rezaeian, 2014). The selection of an existing instrument or the design of a new one study instrument constitutes a great challenge to any researcher seeking to collect information from individuals (Ambrose & Anstey, 2010), albeit instrument design is just one part of the bigger process of discovery (Cotton & Covert, 2007).

3.7.2.1 Social Science Instruments

The most essential part of any research study and one of the well-known methods of gathering research evidence is through a questionnaire (Rezaeian, 2014). The researcher considered that a survey, poll, attitude scale and questionnaire describe instruments used to obtain information from respondents and sought to further investigate these below.

Questionnaires normally utilise rating scales in which response choices are ordered on a continuum and this is useful where questions are planned as self-report instruments (Cotton & Covert, 2007). The researcher assessed the four types of scales - that is, nominal, ordinal, interval and ratio (Baker, 2003) - as well as their suitability to measure the degree to which an attribute of entrepreneurial confluence was present in a unit of observation.

Given that a scale is composed of multiple items, where each item is an intended unique measure of the construct, is dimensional and can produce a numerical value (Cotton & Covert, 2007), the researcher found it useful that, if using the Likert scale, participants could respond to a sequence of phrases and show their level of agreement or disagreement by selecting a point on a 3, 5 or 7-point scale. The data derived could then be presented as either a single, summated score or as a profile analysis (Baker, 2003).

The researcher noted that numerical scales ought to be uni-polar, for example, on an ascending scale from 0 to 10, with matching verbal labels such as agree, somewhat agree, neither agree nor disagree, somewhat disagree, and disagree, at opposite ends of the scale. According to Lietz (2010), disagree options must have lower numerical values attached to them than agree options. In any case, enough thought should go into the construction of the measuring instrument of the study (Spagna, 1984) and the researcher certainly did this.

3.7.2.2 Instrument Construction

While it is frequently conceivable to utilise existing questionnaires that have gone through substantial development, are widely used and have a well-established level of reliability and validity, sometimes when a study is new, there may not be an appropriate existing instrument and a new one may have to be developed (Rezaeian, 2014).

The researcher would have to consider designing a questionnaire only if there were not an existing questionnaire that suited the study objectives and as conceptualised through a detailed literature review (Rezaeian, 2014). In this case, Cotton and Covert (2007) emphasise the need to ensure that the newly-developed instrument will produce trustworthy and accurate data.

One may even choose to adapt an existing instrument. However, adapting an existing questionnaire for a different purpose or group of people can have significant ramifications on its reliability and validity (Meadows, 2003).

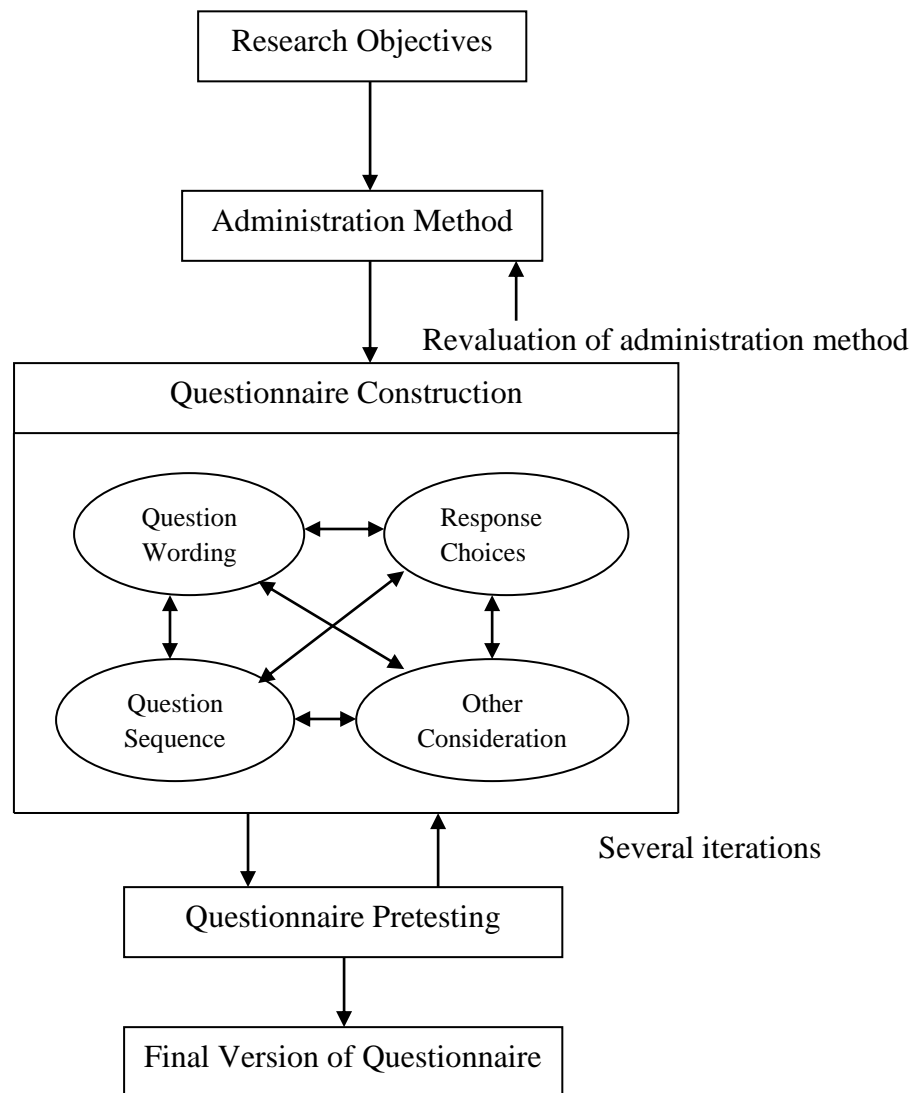
If, however, the information requirements of the questionnaire are specific to a one-off study, the only option may be to construct a new questionnaire. This can also include questions adapted from existing questionnaires (Meadows, 2003).

The researcher, having thought about the uniqueness of this study into the new construct of Entrepreneurial Confluence, itself a sub-construct of entrepreneurial strategy within the realm of entrepreneurship in general, decided to create a new questionnaire, as none existed that could consider the novel construct, or be adapted for this purpose. The questionnaire creation process is revealed below.

3.7.2.3 Questionnaire Construction Process

The researcher sought to craft a questionnaire following these broad steps in Figure 3.8 below:

Figure 3.8: Questionnaire Construction Process



Source: Baker, 2003

a) Research Objectives

As good questionnaires achieve the desired research objectives, and get reliable and valid data from the respondents (Baker 2003), the researcher started a process to ensure that the questionnaire would achieve the objective set out in Section 1.5 above.

b) Administration Method

The researcher planned to ask questions only from the respondents able to answer them precisely (Baker, 2003) - that is, the entrepreneurial leaders who would be observed from the units of analysis discussed in Section 3.6 above.

c) Questionnaire Construction

In a lot of research, the questionnaire is a widely-used normal tool for researchers in any field to collect information. However, its information value is contingent on the question quality (Aiman-Smith & Markham, 2004), compounded by the fact that, as Janes (1999) contends, most survey instruments are poorly devised with badly-worded questions and inadequate analyses of the data.

It appeared to the researcher that the construction of a questionnaire was going to be very difficult, as there is little guidance in the design of questionnaire, which is likely to be more of an art than an exact science (Ambrose & Anstey, 2010).

Ultimately, however, the researcher had to make decisions about the questionnaire to be designed - for example, length, order, wording, best number of response options and the need for a 'don't know' or middle option (Lietz, 2010), as discussed below.

d) Length

The researcher had to remember that questionnaire design must have a trade-off between reliability and length (Kember & Leung, 2008). Aiman-Smith and Markham (2004) recommend that any survey ought to have between 35-80 items (Baker, 2003), and that self-completion questionnaires be briefer than interview-administered ones and with predominantly closed-ended questions (Meadows, 2003).

The questions themselves should be short, of the same length and strength, and not longer than twenty words to enhance questionnaire stability and legitimacy (Baker, 2003).

e) Wording

Research into question design further recommended that questions be constructed as clearly, simply, specifically and as relevant for the research objectives as possible, to enable easy

comprehension of the questions by the respondent. Additionally, the researcher had to choose questions that concentrated on contemporary behaviour to improve the accuracy of the gathered information (Lietz, 2010).

f) Response Options

Research on rating scales was found to show clashing discoveries as to what is the ideal number of points for a rating scale (Cooper & Schindler, 2011). Be that as it may, there is no standard number of response alternatives. For most questionnaires, at least three (3) and at most seven (7) alternatives are enough to allow respondents to choose between the options (Cotton & Covert, 2007). Both simulation and empirical studies agree that reliability and validity are enhanced with 5 to 7 point scales, as opposed to those with fewer scale points (Dawes, 2007). A good Likert-type scale has five (5) to eight (8) response preferences with between 5-point and 7-point scale response alternatives being used often. Additionally, the 7-point scale has been illustrated to be more reliable, since it enables better response choice than the 5-point scale (Lietz, 2010), albeit in many studies, a 5-point Likert scale eliciting responses from 1 – strongly disagree to 5 – strongly agree is acceptable (Aiman-Smith & Markham, 2004).

g) Middle Option

A choice must be made of giving respondents an even or odd number of response scale questions, with a middle option that permits respondents to select a direction in their opinion (Cooper & Schindler, 2011). No obvious rule exists for using an odd or even number of alternatives, as this relies upon the objective of the study and how items need to be structured to obtain information. Additionally, there is no prerequisite that the response scale should have a neutral choice such as UNDECIDED (Cooper & Schindler, 2011).

The advantage of using an odd number of categories is that the respondents have the option of being neutral if they choose. The middle option enhances slightly the validity and reliability of the questionnaire (Cooper & Schindler, 2011) and is recommended when it provides the respondent with a necessary alternative and when it will provide meaningful data.

Although research is mixed, some studies suggest that retaining the middle value does not unduly influence the respondent from selecting a more decisive alternative, but that omitting

the middle value may increase random selection of other alternatives (Cotton & Covert, 2007). Many researchers prefer to omit middle categories, to push the respondents to one or the other side (Rosenthal & Rosnow, 1991). The researcher chose to avoid a middle option.

h) Reliability and Validity of Questionnaire

The pragmatic value of an instrument relies on the validity and reliability of the information gathered. Reliability alludes to how easily data collected by using a questionnaire can be replicated. Internal consistency is a usual gauge of reliability and of how well a group of questions investigate a concept. The questionnaire's reliability can be evaluated through computing Cronbach's alpha values (Cronbach, 1971), which values should surpass the normally-accepted values for a scale to be considered as reliable (Kember & Leung, 2008).

Validity is the way the questionnaire measures what it is proposed to measure (Kember & Leung, 2008), and is evaluated in different ways. The researcher acknowledged that any new instrument developed would have to meet the test of reliability and validity.

i) Response Rate

It is unlikely that all people to whom the questionnaire is mailed will complete and return it. Regardless of the method of administration, it is important to endeavour to maximise the response rate, in order to minimise non-response bias (Cotton & Covert, 2007).

j) Measurement of Entrepreneurship

Entrepreneurship is very difficult to measure, partly because there is no consensus about what constitutes a practical and reliable set of indicators. However, it is still important to develop such measures (Martins, 2007). Also, most research on the entrepreneurial mindset has used personality instruments that were not designed especially for entrepreneurship or, if any were developed, they were not widely applied (Davis et al., 2016).

Webb (2000) cautions that, questionnaire design is about practicality, and not perfection. The researcher took this into account.

k) Pre-Testing

The pre-testing and piloting of a questionnaire is an essential part of its development that ensures that all the administrative procedures are working properly before the main study, by observing the time it takes to complete the questionnaire, identifying any problems with rater reliability, examining the influence of environmental conditions and correcting any issues that respondents may have with the wording and format (Cotton & Covert, 2007).

The researcher piloted the questionnaire with two individuals, as explained in Section 3.11 below. It assisted the researcher to refine the instrument and field procedures in an iterative process (Synodinos, 2002), as issuing a questionnaire that has not been pre-tested is not recommended (Webb, 2000).

Possible questions to address when pilot-testing the questionnaire (Cotton & Covert, 2007) are shown in Appendix 5.

Two pilot tests were conducted as indicated in Section 3.11 below as well as the accompanying Table 3.4: Study Participants. The final version of the questionnaire discussed in Section 3.7.3 both incorporates the developmental elements in Sections 3.7.1 – 3.7.2 as well as the comments in Appendix 5 made by the first pilot test respondent. The only comment from Appendix 5 that was not changed from the final questionnaire was that which suggested the removal of ‘Race’ from the demographic section of the questionnaire. Given other research on the diversity challenges within the South African C-Suite the researcher felt it pertinent to retain ‘race’ within the demographic profile of the units of observation, albeit not part of the scope. The importance of this issue as a limiting factor is addressed in Sections 4.4.2 Profile Assessment, 4.10 Limitations and 5.4.2.3 Normality of a Broader Sample below.

The second pilot test subject did not complete a rating questionnaire but elected to complete the full questionnaire inclusive of qualitative comments without any amendments. As he is the founder and CEO of a JSE listed group, and had been a finalist of the EY Entrepreneur of the Year 2009 process which is central to the sampling frame in Section 3.6.4 above, and a typical unit of observation as per Section 3.6.2 this unamended completion of both quantitative and qualitative aspects of the questionnaire was accepted as reflecting the adequacy of the questionnaire for completion by his sampled cohort.

3.7.3 Final Version of Questionnaire – Entrepreneurial Confluence Measuring Instrument (ECMI)

As research in entrepreneurship is still in its infancy (Dana, 2004), whereby few new measurement instruments have been developed (Mullen, 2009), and the information requirements are specific to a one-off study (Meadows, 2003), the researcher chose to construct a questionnaire from scratch (Meadows, 2003).

The survey instrument in Appendix 4 used to assess entrepreneurial confluence is the **Entrepreneurial Confluence Measuring Instrument (ECMI)**. Based on the discussion above, the ECMI has the following developmental characteristics:

- Survey questionnaire (Section 3.7.2.1)
- Likert scale (Section 3.7.2.1)
- Ordinal scale (Section 3.7.2.1)
- 80 items (Section 3.7.2.3d)
- 6-point scale (Section 3.7.2.3f)
- No middle point (Section 3.7.2.3g)
- Self-completed (Section 3.7.2.3b)
- Uni-polar from 1-6 with matching labels (Section 3.7.2.1)
- Disagree options have lower value (Section 3.7.2.1)
- Short questions not exceeding 20 words (Section 3.7.2.3d)
- Closed-ended questions (Section 3.7.2.1)
- New self-tailored instrument (Section 3.7.2.2)
- Pilot-tested (Section 3.7.2.3k)
- Reliable and valid (Section 3.7.2.3h)

- Response rate (Section 3.7.2.3i)
- Even number of options (Section 3.7.2.3g)
- Entrepreneurship measure (Section 3.7.2.3j)
- Data as score or profile (Section 3.7.2.1)

Hence, the first step was to identify from the literature review the possible factors that characterise entrepreneurial confluence and contribute to a firm's growth, as Davis et al. (2016) did. Following the approach of Davis et al. (2016), the ECMI instrument is meant to provide a measure of Entrepreneurial Confluence, using a grouping of individual factors that characterise entrepreneurial confluence. The ECMI consists of 80 items and measures 12 entrepreneurial behaviour-related factors, namely:

- 1) Future Orientation (FO)
- 2) Environmental Knowledge (EK)
- 3) Opportunity-Seeking (OS)
- 4) Risk-Taking (RT)
- 5) Internal Transformation (IT)
- 6) External Game-Changing (GC)
- 7) Adaptability and Flexibility (AF)
- 8) Learning (L)
- 9) Structure (S)
- 10) Alignment (A)
- 11) Resource Mobilisation and Management (RMM)
- 12) Risk Management (RM)

The 12 dimensions are assessed via responses to 80 Likert-type scale items in Appendix 4. In much the same way that the Multi-Factor Leadership Questionnaire (MLQ) has 45 items, further broken down into nine leadership factors and three leadership outcomes (Muenjohn & Armstrong, 2008), the ECMI has 12 sub-factors which are grouped into three main factors of Entrepreneurial Confluence:

1. **ENTERPRISE** – FO, EK, OS, RT
2. **EVOLUTION** – IT, GC, AF, L
3. **EXECUTION** – S, A, RMM, RM

These together constitute the new Entrepreneurial Confluence paradigm of entrepreneurial strategy. After initially sorting out the results into two groups in Table 3.1 below, and further granulating them as per Figure 2.22, the primary contribution will be the development of a weighted multi-dimensional approach to the measurement of Entrepreneurial Confluence via a 3 x 3 strategy matrix in Figure 4.14:

Table 3.1: Agreement/Disagreement Groups

Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree
1	2	3	4	5	6
←	DISAGREEMENT GROUP	→	←	AGREEMENT GROUP	→

Source: Researcher's own compilation, 2016

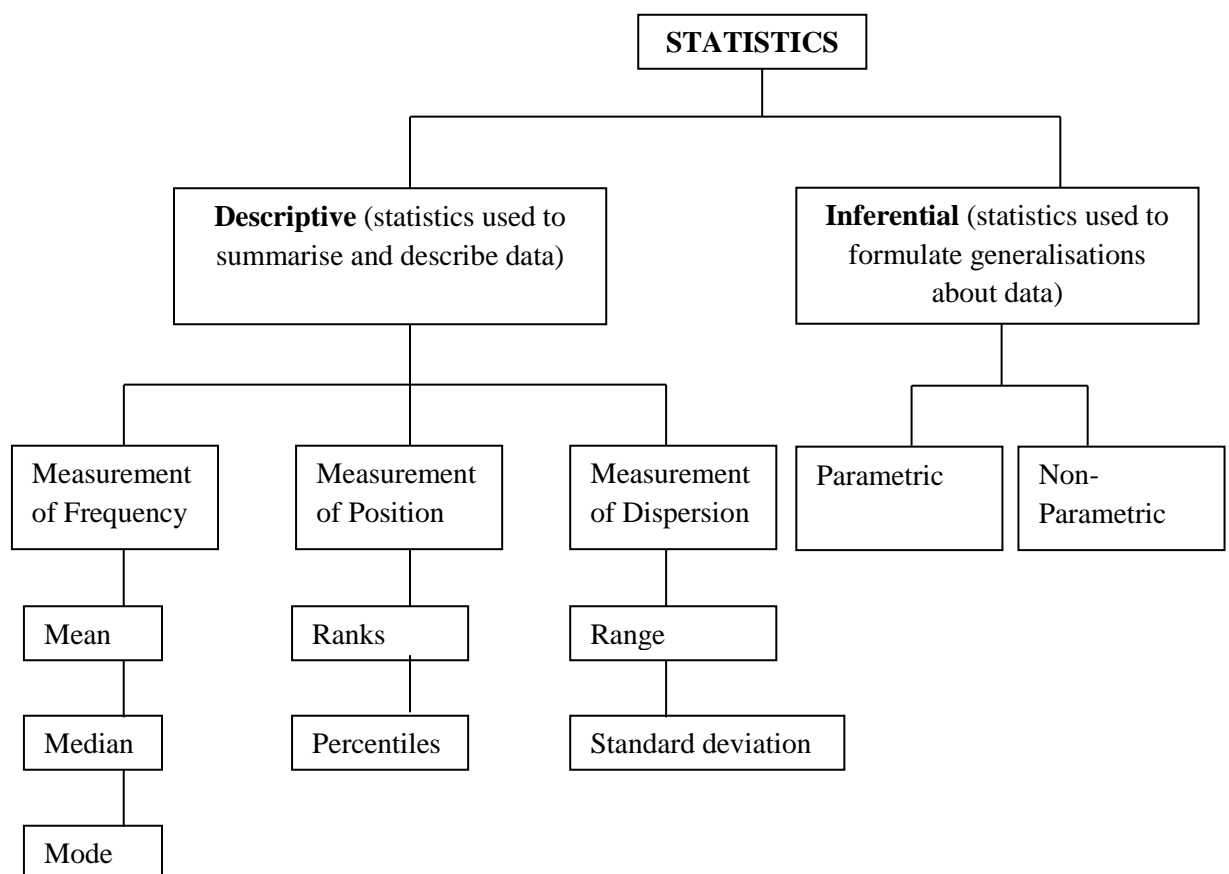
3.8 DATA ANALYSIS

This section provides for the gathering, evaluation and elucidation of the data (Rosenthal & Roshow, 1991).

3.8.1 Statistics

Data analysis comprised the inspecting of the database by the researcher to address the information obtained through the research questions and hypotheses (Tropper, 1998). There are different types of statistical operations used, which are shown in Figure 3.9 below:

Figure 3.9: Statistical Operations



Source: Tropper, 1998

Essentially, descriptive statistics allow the summarising of the distributions and relationships formed by data (Bless & Kathura, 1993). Qualitative and quantitative data analysis both utilise inferential statistics (Onwuegbuzie & Leech, 2005), and are split into parametric and non-parametric types (Cooper & Schindler, 2011) as shown above.

3.8.2 Hypothesis Testing

Following the defining of the null and alternative hypotheses above, the researcher had to decide on the level of significance to be used, analyse the observation, and either accept or reject the null hypothesis in reaching a conclusion for the research goal (Tropper, 1998).

As confidence is initially earned by the rejection of the null hypothesis, the researcher focused on the probability of a Type 1 error (claiming a relationship that truly DOES NOT exist) as well as the probability of a Type 2 Error (failing to claim a relationship that truly DOES exist) (Rosenthal & Roshow, 1991), as shown in Table 3.2 below:

Table 3.2: Implications of the Decision to Reject or Not to Reject the Null Hypothesis

	ACTUAL STATE OF AFFAIRS	
SCIENTIST'S DECISION	Null hypothesis is true EC will not be positively related to the creation and growth of enduring value within organisations	Null hypothesis is false EC will be positively related to the creation and growth of enduring value within organisations
Reject null hypothesis EC will be positively related to the creation and growth of enduring value within organisations	TYPE 1 ERROR – GULLIBILITY (claiming a relationship that DOES NOT exist) Probability is called alpha, significance level or p level	NO DECISION ERROR
Do not reject null hypothesis EC will not be positively related to the creation and growth of enduring value within organisations	NO DECISION ERROR	TYPE 2 ERROR-BLINDNESS (failing to claim a relationship that DOES exist) Probability is beta

Source: Rosenthal and Roshow, 1991

The researcher further estimated the probability of making a Type 1 error whenever a true null hypothesis is tested by computing a statistical test selected from Table 3.3 below:

Table 3.3: Recommended Statistical Techniques by Measurement Level and Testing Situation

	ONE-SAMPLE TESTS	TWO-SAMPLE TESTS		K-SAMPLE TESTS	
Measure ment Scale	One-sample Case	Related samples	Independent samples	Related samples	Independent samples
Nominal	- Binomial - Chi square one-sample test	- McNemar	- Fisher exact test - Chi square two samples test	- Cochran Q	- Chi square for k samples
Ordinal	- Kolmogorov-Smirnov one sample test - Runs test	- Sign test - Wilcoxon matched pairs test	- Median test - Mann-Whitney U - Kolmogorov - Wald-Wolfowitz	- Freidman two way ANOVA	- Median extension - Kruskal-Wallis one way ANOVA
Interval & Ratio	- T-test - Z-test	- T-test for paired samples	- T-test - Z-test	- Repeated measures ANOVA	- OneWay ANOVA - N-way ANOVA

Source: Cooper and Schindler, 2011

The most common assumptions for the use of statistical tests refer to whether the subjects are independently and randomly sampled, the samples are independent from each other, the population variances are homogeneous, the sizes of the samples are large or not, and whether the scale of the measurement is internal, ordinal or nominal (Bless & Kathura, 1993).

In summary, the test employed by the researcher was as follows:

1) Null Hypothesis

The null hypothesis is that Entrepreneurial Confluence will not be positively related to the creation and growth of enduring value in organisations.

This alternative hypothesis states the direction of difference, and hence a one-tailed test of significance will be employed.

2) Statistical Test

A non-parametric test was used as:

- a) The subjects were not independently and randomly sampled. A purposive sample was used.

- b) The sample was independent.
- c) The population variances were not expected to be homogeneous but might be heterogeneous.
- d) The size of the sample was relatively small.
- e) The scale of the measurement was interval and ordinal (Bless & Kathura, 1993).

The Kolmogorov-Smirnov Test, as per Table 3.3 above, was used to accept or reject the null hypothesis, as it entailed a one-sample test using an ordinal or interval measurement scale.

3) Significance Level

The level of significance normally chosen in research is 0.05 which in effect accepts a margin of 5% error (Heiman, 1996). Hence 5% was used.

4) Interpretation

Decision rules are statements referring to the statistical conditions which will lead to the rejection (or not) of the null hypothesis. The decision rules depend primarily on the decision of a level of significance or critical level, the type of alternative hypothesis H_1 (directional or non-directional) and the finding of the corresponding critical values or confidence limits (Heiman, 1996).

3.9 TRIANGULATION

Triangulation checks on the validity of a set of findings from one method by comparing it with findings from another method (Bryman, 2008).

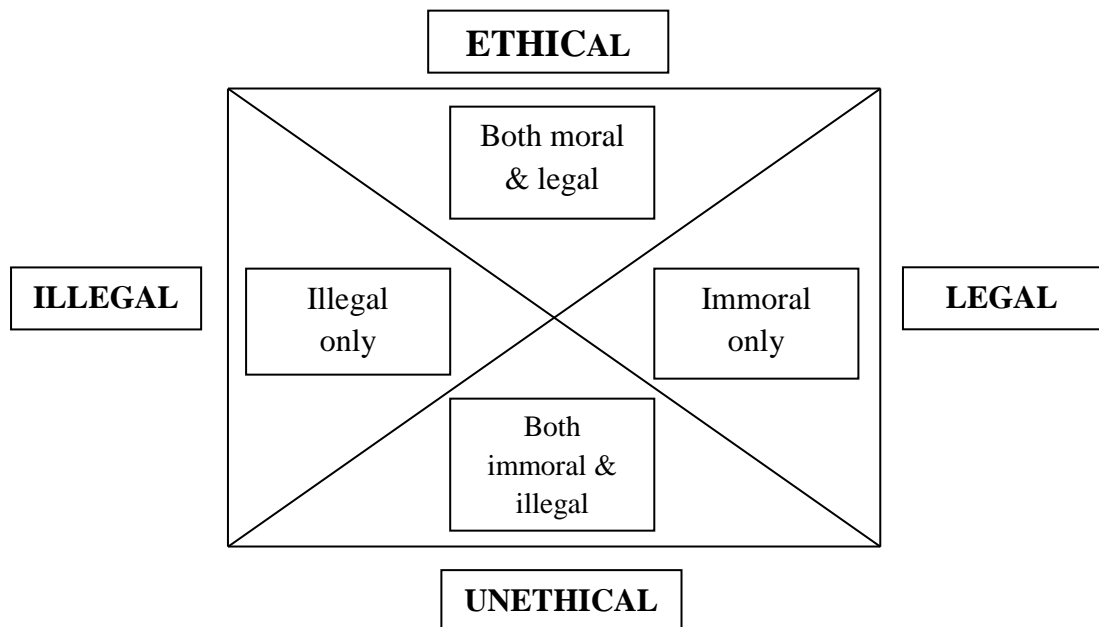
To defeat the potential bias of a solitary view or approach, several types of triangulation are used (Dana, 2004) such as data, investigator, theory and methodological, to build trust in the interpretation (Amaratunga & Baldry, 2001) and data type (Miles & Huberman, 1994).

The researcher primarily relied on methodological triangulation.

3.10 ETHICAL CONSIDERATIONS

This study sought to conduct ethical research that is both moral and legal, as shown in Figure 3.10 below, with the fully-informed consent of the subjects involved, as discussed in Section 3.10.1.

Figure 3.10: Typology of Legal and Moral Actions in Research



Source: Neuman, 2000

The researcher took responsibility for observing the basic principles aligned to Figure 3.10 above. Informed consent was obtained from respondents who gave information freely without coercion, in a manner respectful of anonymity and confidentiality. Interpretations of results would be in line with the data, using high standards of research and as defined by the research scope (Neuman, 2000).

3.11 PARTICIPANTS IN THE STUDY

Table 3.4 below acknowledges the various participants and contributors to the research study.

Table 3.4: Study Participants

Name	Role
Alvin Chikamba	Researcher
Professor Ernst Neuland	Supervisor
41 CEOs of potentially 'entrepreneurially-confluent' firms	Research Subjects (Appendix 7)
Pilot1 <ul style="list-style-type: none"> Independent Management Consultant MBA in Entrepreneurship 	First Pilot Test Subject (Appendix 5)
Sampling Frame Pilot (SFP) <ul style="list-style-type: none"> Founder and CEO SFP SFP is JSE-listed with a then market capitalisation at the time of study of R1billion Finalist Ernst & Young Entrepreneur of the Year 2009 	Second Pilot Test Subject (Appendix 2)
Subject Matter Expert (SME) <ul style="list-style-type: none"> Dean of Business School in South Africa 	Assessment of Instrument Content Validity
Freelance Language Expert	Editor
Independent Research Company	Statistical Package for the Social Sciences (SPSS) Version 20.0 Statistical Support

3.12 CONCLUSION

An exploratory, fully mixed study was undertaken as a basis for accepting or rejecting the null hypothesis and answering the research question.

A new self-tailored questionnaire was administered to a purposive sample of 41 entrepreneurial business leaders in South Africa, including four from other African countries.

The hypothesis was tested using the Kolmogorov-Smirnov, non-parametric test statistic from SPSS version 20.0, as guided by Pallant (2007), to infer a generalisable paradigm of entrepreneurial strategy. The study sought to comply fully with ethical standards.

Chapter 4 will consider the results of the research methodology chosen.

CHAPTER FOUR

FINDINGS

4.1 INTRODUCTION

Chapter 3 laid out the structure of the intended research methodology and was successfully executed as designed. This chapter details the key findings and actual research outcomes.

The 41 final units of analysis and observation are listed in Appendix 7, and constitute the source of the data derived from the self-developed Entrepreneurial Confluence Measuring Instrument (ECMI) in Appendix 4, which was used to interview and collect data from survey participants.

The ECMI had not been tested for validity and reliability before application, although the pilot tests performed prior to administration (Appendix 5) had indicated a high level of efficacy.

Subsequently, however, the ECMI was found to be valid and reliable, as discussed in 4.2 below.

4.2 RELIABILITY AND VALIDITY OF ECMI

4.2.1 Reliability Test

Reliability can be measured in several ways. As per the discussion in Section 3.7, the researcher used an internal consistency measure (Cronbach's Alpha). This is a type of reliability estimate that utilises the coefficient of test scores from one survey to gauge reliability (American Educational Research Association et al., 1985). The Cronbach's Alpha score for the sample is summarised in Table 4.1 below:

Table 4.1: Cronbach's Alpha Summary

	ALPHA	INTERPRETATION
ENTREPRENEURIAL CONFLUENCE	0.95	EXCELLENT
CONCEPTUAL UNDERSTANDING	0.81	GOOD
ENTERPRISE (En)	0.88	GOOD
FUTURE ORIENTATION (FO)	0.78	ACCEPTABLE
ENVIRONMENTAL KNOWLEDGE (EK)	0.73	ACCEPTABLE
OPPORTUNITY-SEEKING (OS)	0.81	GOOD
RISK-TAKING (RT)	0.77	ACCEPTABLE
EVOLUTION (Ev)	0.89	GOOD
GAME-CHANGING (GC)	0.72	ACCEPTABLE
INTERNAL TRANSFORMATION (IT)	0.64	QUESTIONABLE
ADAPTABILITY AND FLEXIBILITY (AF)	0.75	ACCEPTABLE
LEARNING (L)	0.58	POOR/ACCEPTABLE
EXECUTION (Ex)	0.88	GOOD
STRUCTURE	0.72	ACCEPTABLE
RESOURCE MOBILISATION AND MANAGEMENT	0.81	GOOD
RISK MANAGEMENT	0.65	QUESTIONABLE
ALIGNMENT	0.73	ACCEPTABLE

Source: Researcher's own compilation, 2016

4.2.1.1 Reliability Assessment

As per Table 4.1 above, the overall Cronbach's Alpha score is 0.95. This is a satisfactory level of reliability (Muenjohn & Armstrong, 2008) as it exceeds the 0.70 minimum guideline recommended by Miller and Friesen (1982). The three streams of Enterprise, Evolution and Execution all scored well at 0.88, 0.89, and 0.88 respectively.

However, an alpha above 0.9 may also suggest redundancies and that the test length should be shortened, as some questions may be similar or duplicated in content (Tavakol, 2011). This sentiment is also echoed in the initial assessment carried out by a professional psychometric test development company stated in Section 4.9.2 below.

On the lower end, items below 0.7 such as for Learning (0.58) above may be less than acceptable and may have to be revised or discarded (Tavakol, 2011). Kline (1999) adds, however, that in researching psychological concepts, values below 0.7 can be expected because of the variety of the constructs under assessment and hence may be accepted, especially if the modification or deletion of specific items improves the score. For example, the deletion of Question 60 would raise the alpha for the Learning pillar to 0.61 from 0.58.

The ECMI is INTERNALLY CONSISTENT and RELIABLE at an alpha of 0.95.

4.2.2 Validity

Validity talks to whether the questionnaire measures what it is supposed to measure (Kember & Leung, 2008). An essential issue in research is that an instrument can be reliable without being valid, but it cannot be considered valid unless it is assessed as reliable (Campbell & Stanley, 1966).

Thus, reliability is an initial move towards assessing an instrument's validity. It is an essential but not adequate stipulation to establish validity. Since the ECMI met the reliability test as in Section 4.2.1, it meets the first requirement of validity.

4.2.2.1 Types of Validity

Research acknowledges the different sorts of validity such as face, content, construct and criterion validity (Cronbach, 1971).

4.2.2.2 Face Validity

Face validity means that the validity is taken at face value (Cronbach, 1971). This is assessed as acceptable, as the questionnaire was completed by 41 entrepreneurial business leaders (Appendix 7) either in face-to-face interviews (75%) or remotely (25%) with minimal explanation.

4.2.2.3 Content Validity

The questionnaire was largely constructed with content from the review of literature in Chapter 2. Content validity is normally established by content or subject matter experts (Cronbach, 1971), who are well versed in the language of entrepreneurial strategy. This was not done with a full cohort of subject matter experts due to time constraints, the relative nascence of entrepreneurial strategy research in South Africa in general, but specifically the difficulty posed when trying to create a new paradigm that attempts to provide a unified view of what positively impacts on the growth of an entrepreneurial firm.

However, a subject matter expert identified here as SME (Dean of a Business School in South Africa, who completed his PhD thesis on corporate entrepreneurship) to retain confidentiality, reviewed the questionnaire and research methodology involved and commented thus:

“In general, the instrument (ECMI) appears to measure what it sets out to do. Randomising the items is strongly recommended... to prevent response bias. Obviously, an Exploratory Factor Analysis with e.g. Oblimin Oblique Rotation might load some items on other factors.”

The researcher deals with the subject of exploratory factor analysis introduced by the subject matter expert below.

4.2.2.4 Exploratory Factor Analysis

Exploratory factor analysis (EFA) is a recognised statistical technique in social science (Costello & Osborne, 2005), which is often used in the creation of measurement scales.

Most studies that use EFA apply the Kaiser criterion to preserve all factors with eigenvalues that are greater than 1.0 (Costello & Osborne, 2005). Even recently, in developing a new measure of entrepreneurial mindset, Davis et al. (2016) used an eigenvalue cut-off of 1.0 to incorporate certain items. A disadvantage of this procedure is that it can be subjective (for example, an eigenvalue of 1.01 may be retained, whereas an eigenvalue of 0.99 is not), and typically leads to over-factoring or under-factoring. Because of this, it may not be advisable to use this procedure (Fabrigar, Wegener, MacCallum & Strahan, 1999).

In clarifying the variance, some researchers retain factors that are adequate to constitute 80-90% of the variation, given that the EFA is complicated and has few guidelines or many options (Costello & Osborne, 2005). There is also a great risk of over-dependence on cut-off values when evaluating a new instrument, since there is little evidence of validity available (Davis et al., 2016).

Thus, in Appendix 9, the researcher used SPSS to retain 47 items out of 80 (59%), using an 80% cut off. This can be used as the basis for further investigation and refining of the questionnaire. The correlation of the items is discussed in Section 4.2.2.5 below.

4.2.2.5 Criterion Validity

Criterion validity is acceptable as concurrent validity and was assessed through the purposive sample of entrepreneurial business leaders who have been part of the founding and/or growth team of the units of analysis and can speak with authority on the firm's entrepreneurial strategy.

The issue of predictive validity was not an objective of the study, given its exploratory rather than explanatory purpose. While this may be addressed in further research, Jain and Ali

(2013) contend that the phenomenon of entrepreneurship is complicated and heterogeneous, such that it is difficult to predict within any deterministic framework.

4.2.2.6 Construct Validity

Construct validity is viewed as acceptable, as supported by a detailed literature review, a colloquium-approved research methodology.

In view of the above comments, VALIDITY of the ECMI was assessed as acceptable. It should be noted that validity lends itself more to subjective than quantitative measures and is an evolving concept (Angoff, 1988).

This ECMI is a valid and reliable measure (Davis et al., 2016) of entrepreneurial strategy as defined in this entrepreneurial confluence paradigm.

4.3 ACCEPTANCE OF ALTERNATIVE HYPOTHESIS

4.3.1 Hypothesis

Ho (null hypothesis)

Entrepreneurial Confluence IS NOT positively related to the creation and growth of enduring value within organisations.

H1 (alternative hypothesis)

Entrepreneurial Confluence IS positively related to the creation and growth of enduring value within organisations.

Ho2 (null sub-hypothesis)

Enterprise, Evolution and Execution ARE NOT positively related to Entrepreneurial Confluence.

H1 2 (alternative sub-hypothesis)

Enterprise, Evolution and Execution ARE positively related to Entrepreneurial Confluence.

Ho3 (null sub-hypothesis)

Enterprise, Evolution and Execution ARE NOT mutually present and important for a firm to be considered entrepreneurially-confluent.

H3 (alternative sub-hypothesis)

Enterprise, Evolution and Execution ARE mutually present and important for a firm to be considered entrepreneurially-confluent.

4.3.2 Kolmogorov-Smirnov (K-S) Test

A non-parametric Kolmogorov-Smirnov test of significance was employed in Section 3.8.2 to test the null hypothesis (Ho) in 4.3.1 above. The null hypothesis reflects data that are normally distributed and the alternative hypothesis indicates that the data are not normally distributed. A sample size (n) – 41 respondents were assessed. The level of significance normally chosen is 0.05 which in effect accepts a margin of 5% error (Heiman, 1996), hence 5% was used.

The results from Appendix 6 are summarised in Table 4.2 as follows:

Table 4.2: Kolmogorov-Smirnov Test Result Summary

Kolmogorov-Smirnov ^a			Shapiro-Wilk		
Statistic	df	Significance	Statistic	df	Significance
0.248	41	0.00	0.84	41	0.00

Source: Researcher's own compilation, 2016

The null hypothesis for the test of normality reflects that the data are normally distributed. As the probability for the test of normality is 0.001 and LESS THAN or equal to the level of significance of 0.05, the null hypothesis that the observations are from a normal population (Lilliefors, 1967) is rejected.

Therefore, Ho IS rejected and the alternative hypothesis H1 (Entrepreneurial Confluence IS positively related to the creation and growth of enduring value within organisations) is accepted (Heiman, 1996).

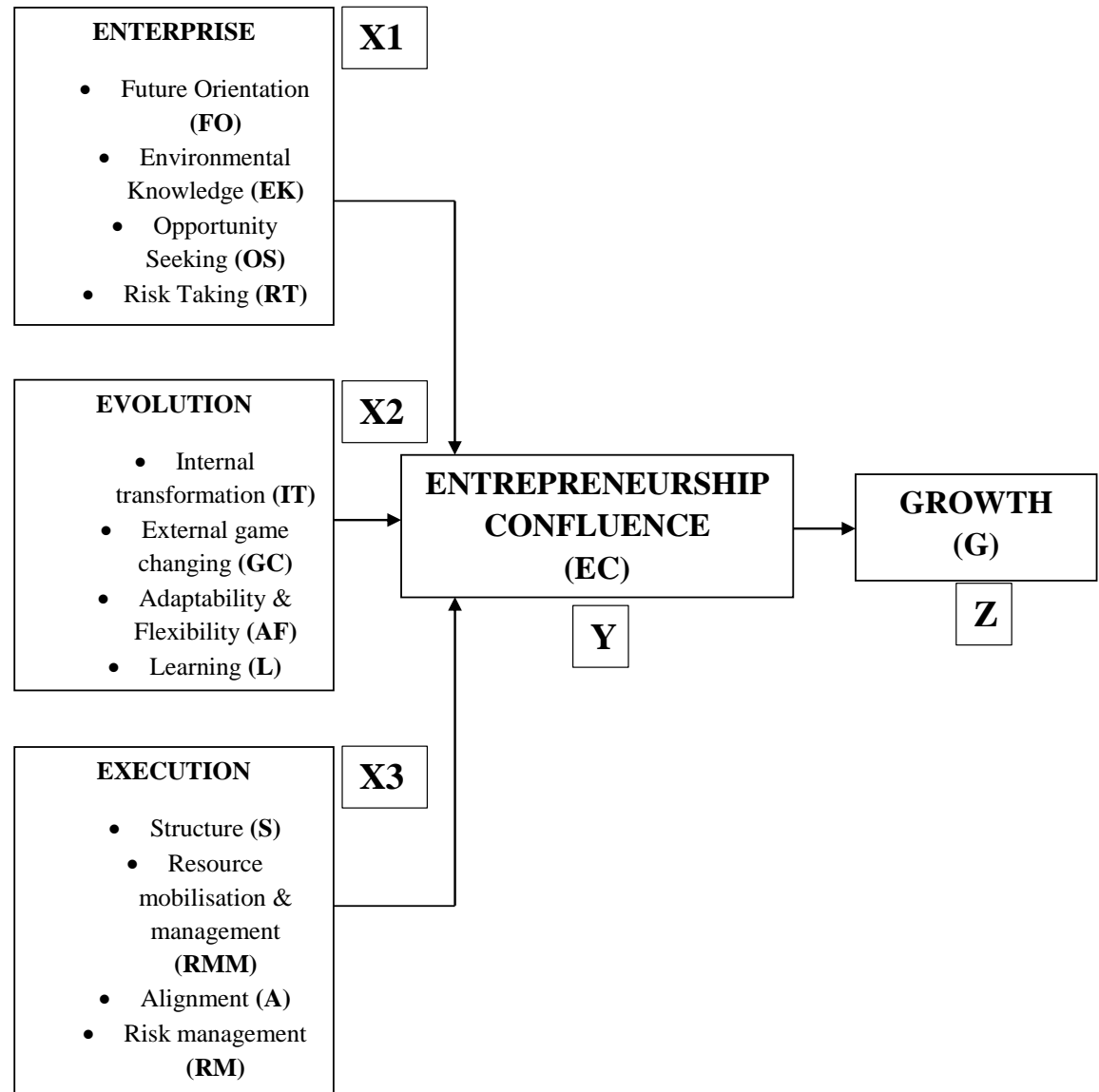
4.3.3 Inferential Risk Analysis

There is a 95% confidence that Entrepreneurial Confluence is a cause of growth in entrepreneurial firms with insignificant risk of decision error.

4.3.4 Conclusion

The hypothetical relationship in Section 4.3.1 is valid and is consistently represented diagrammatically in Figure 4.2 below:

Figure 4.1: Expanded Entrepreneurial Confluence Hypothesis Causal Model



Source: Researcher's own compilation, 2016

4.4 DEMOGRAPHICS

4.4.1 Respondent Profile

Based on the completion of Section A of Appendix 4 by the respondents (Appendix 7) and the resulting graphs below, the typical entrepreneurially-confluent respondent has the following profile:

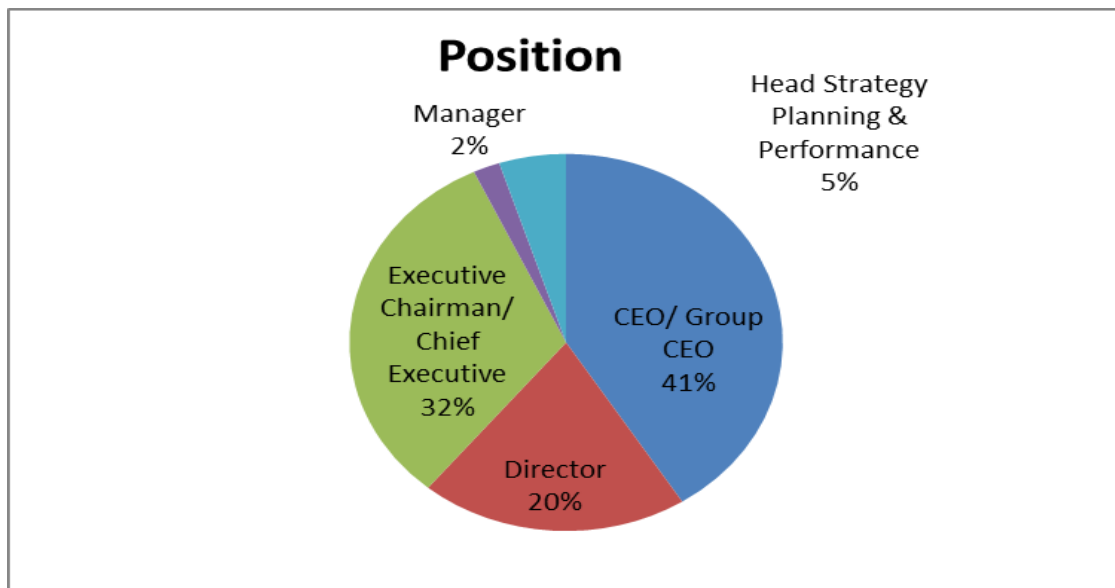
The CEO or Chairman of a Johannesburg Stock Exchange-listed firm (Figure 4.2), from diverse economic sectors but with a preponderance of financial services (Figure 4.3). They are likely to be white (Figure 4.4), male (Figure 4.5) and between 40-60 years old (Figure 4.6). They are likely to have a finance education background (Figure 4.7), as well as a postgraduate degree such as an MBA (Figure 4.8). They are likely to have been in their position for more than 10 years (Figure 4.9), having founded or risen through the company ranks over more than 15 years (Figure 4.10) in a company that is more than 15 years old (Figure 4.11).

This demographic profile may also complement other research that shows that being male and formally educated increases the probability of developing a new venture (Sepulveda & Bouilla, 2014), as those who have a higher education and a higher need for achievement seem more willing to take entrepreneurial risks than those without these two attributes (Shouming, Xuemei & Sabin, 2012).

Hunter (2012), however, cautions that there is no common entrepreneurial type of person.

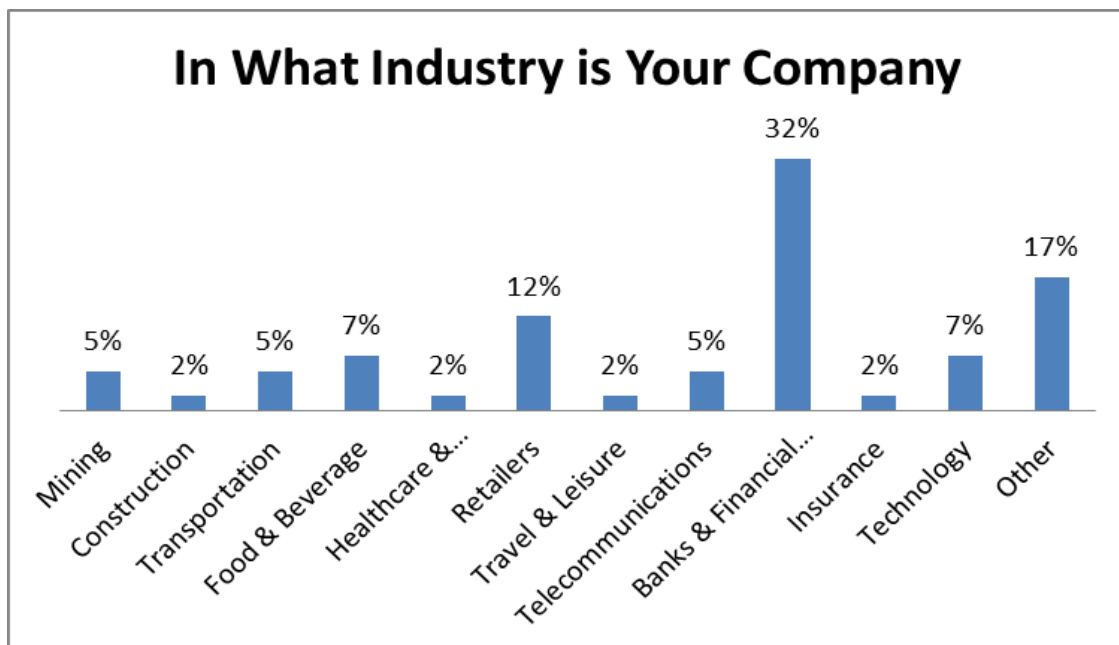
1. CEO/Chairman of a stock exchange listed group (73%)

Figure 4.2: Position



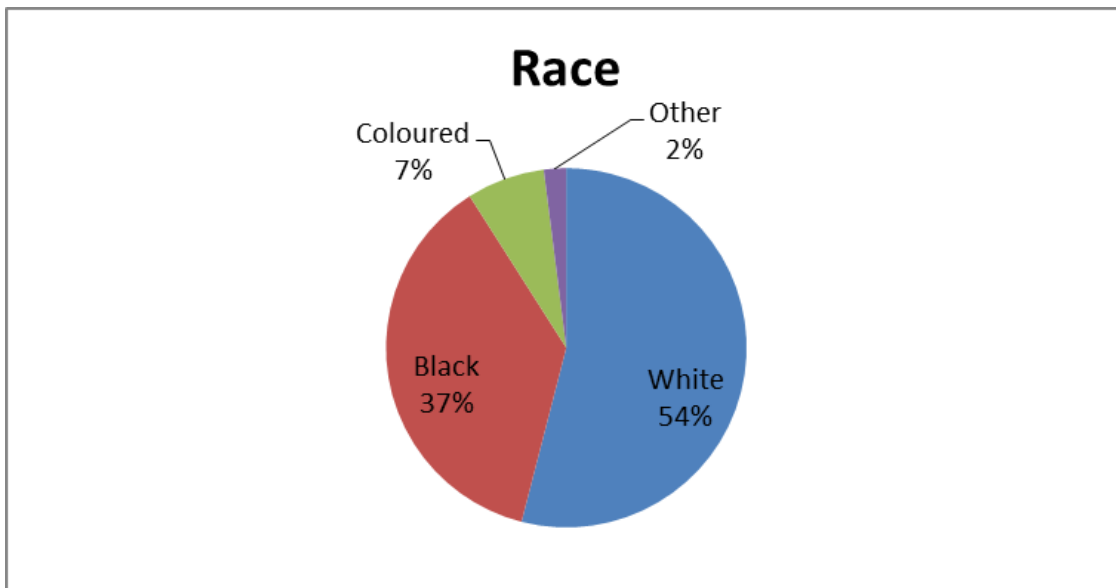
2. In diverse sectors but with a preponderance of “banks and financial services” (32%)

Figure 4.3: Industry



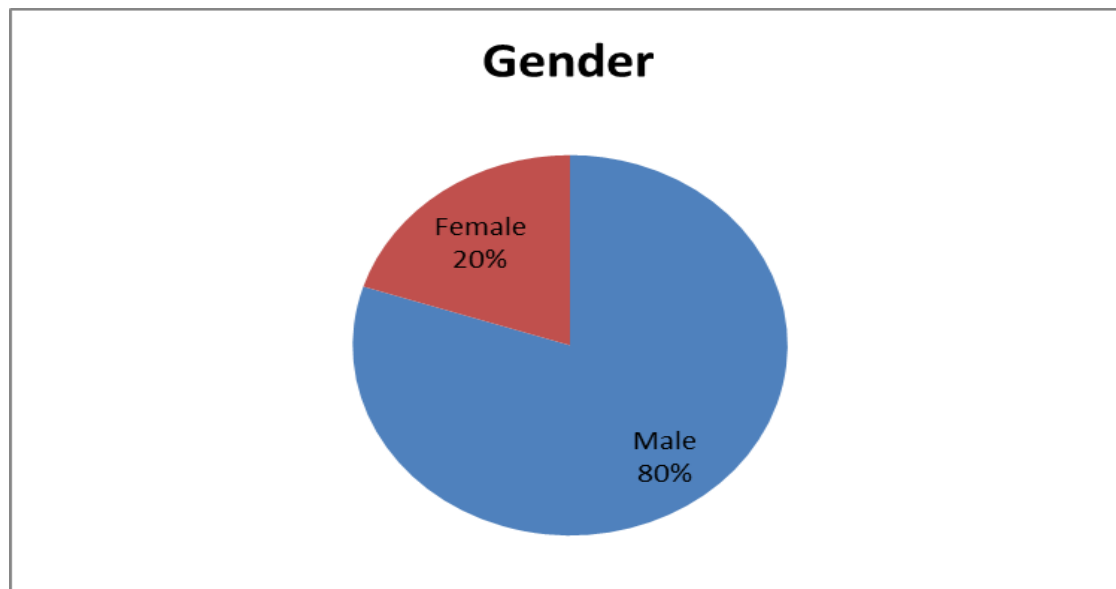
3. White (54%)

Figure 4.4: Race



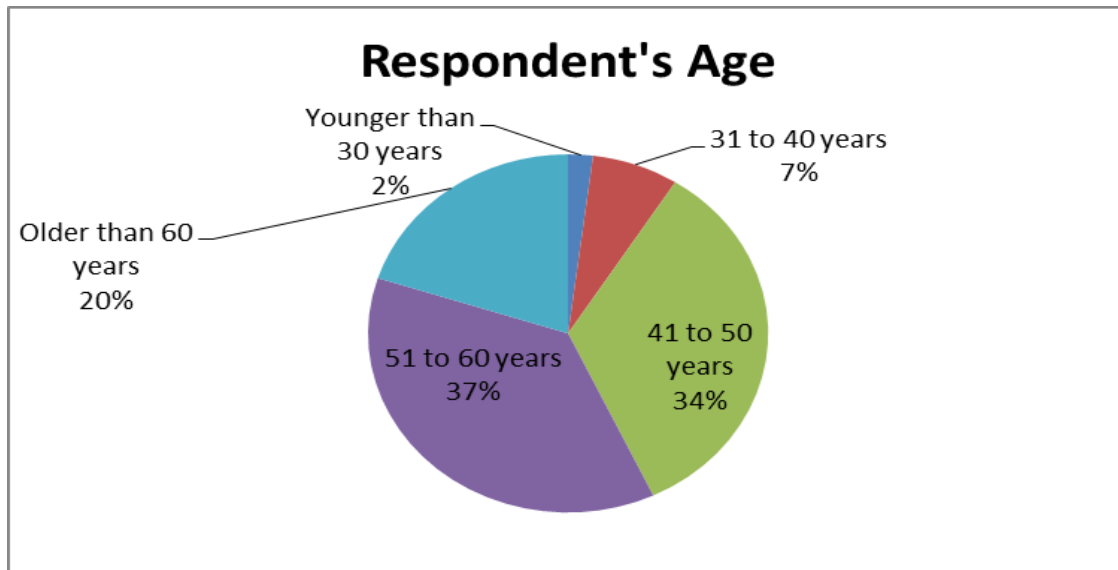
4. Male (80%)

Figure 4.5: Gender



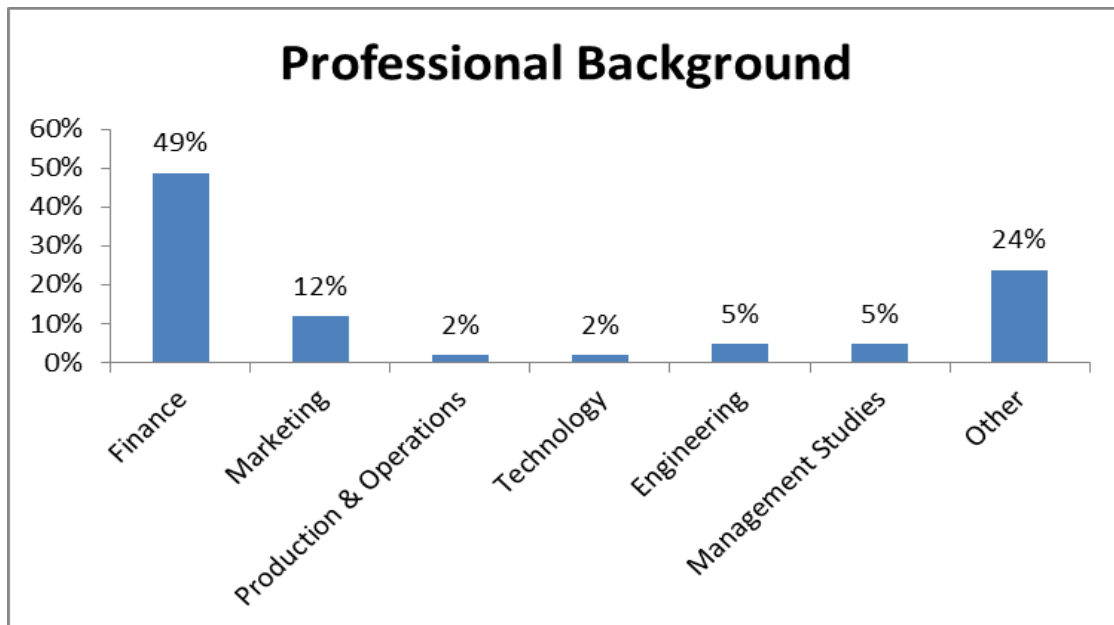
5. 40-60 years old (71%) with 20% older than 60

Figure 4.6: Age



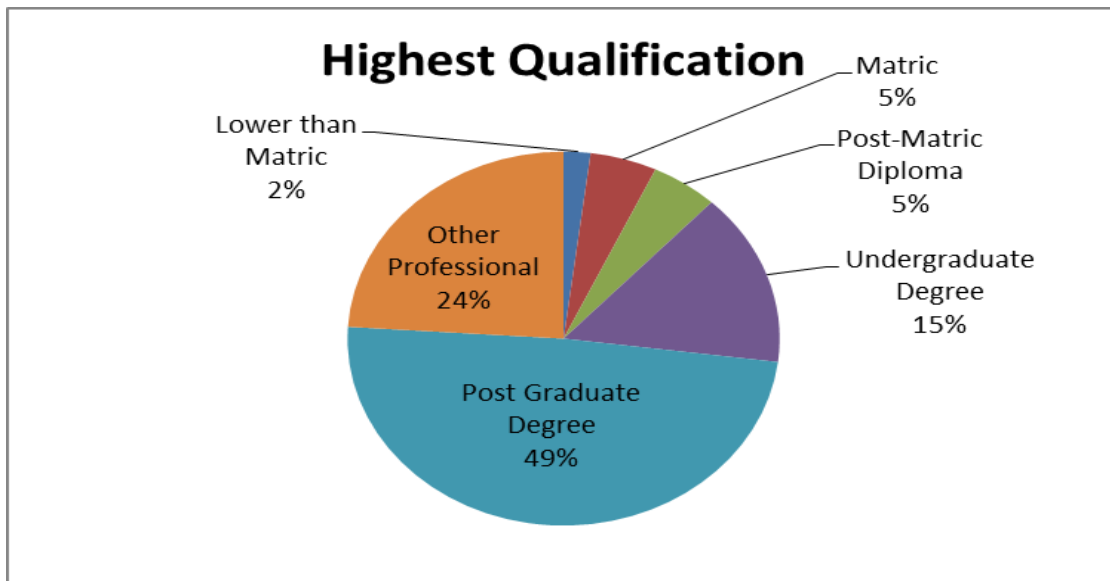
6. Has a finance background (49%)

Figure 4.7: Professional Background



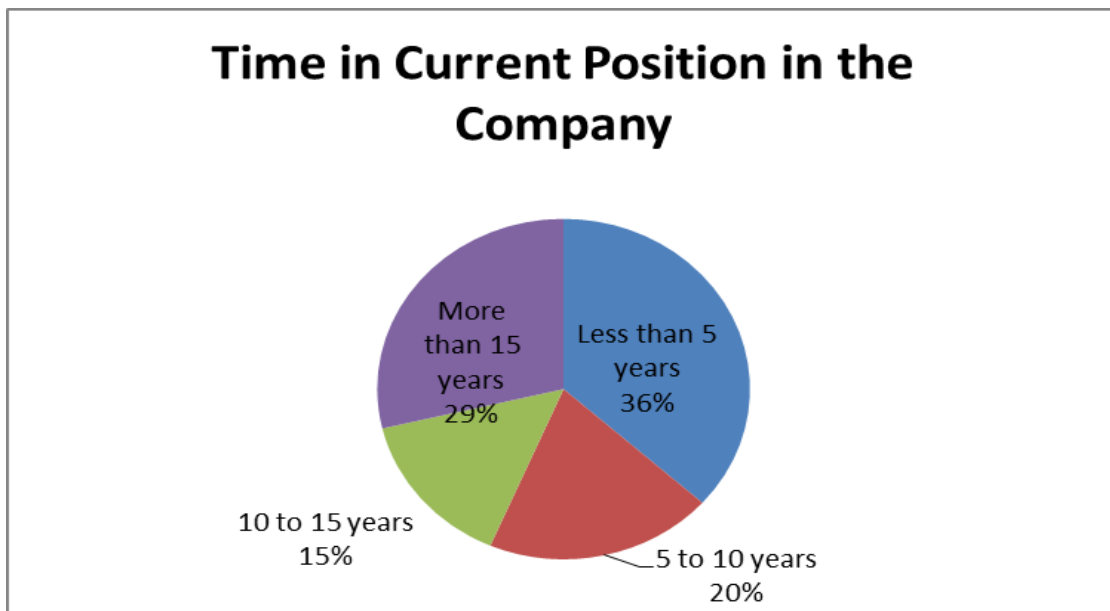
7. Has an MBA (49%)

Figure 4.8: Highest Qualification



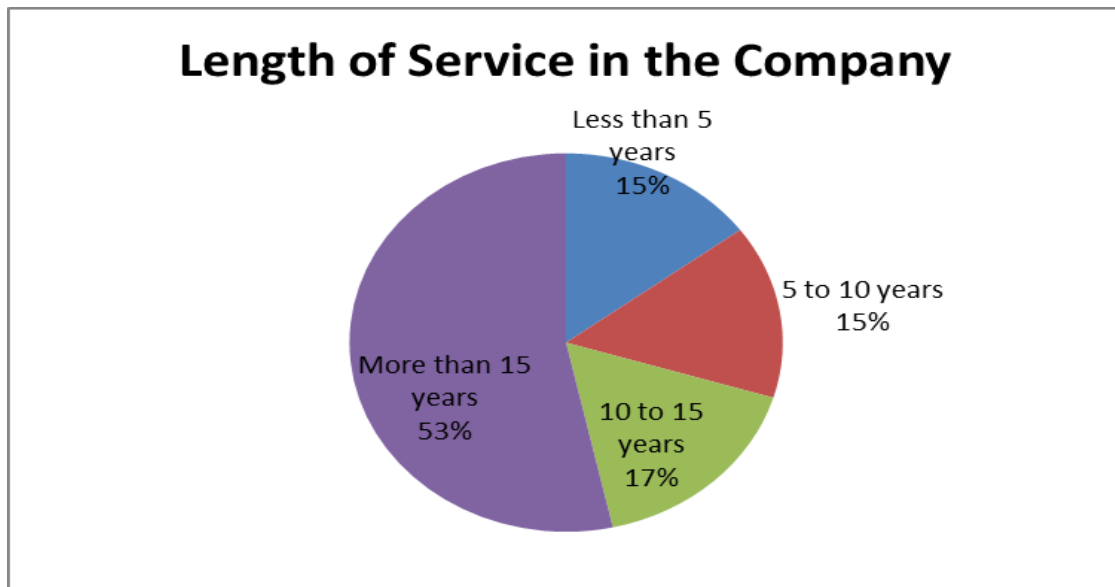
8. Has been in position for more than 10 years (70%)

Figure 4.9: Time in Current Position



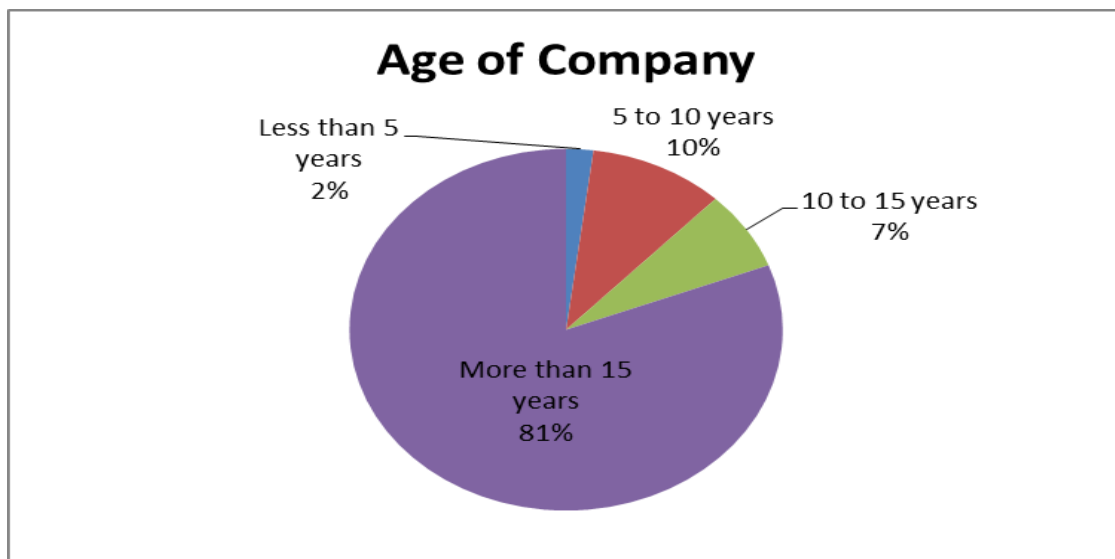
9. Having founded or risen through the company ranks over more than 15 years

Figure 4.10: Length of Service in the Company



10. In a company that is at least 15 years old (81%)

Figure 4.11: Age of Company



4.4.2 Profile Assessment

4.4.2.1 Appropriateness

The profile is appropriate to answer the research question, as it includes:

1. Strategic leaders,
2. From diverse sectors,
3. With a long tenure,
4. As either founder or ‘own timber’ that has grown through the ranks and likely to have been influenced or groomed by company founders with the inter-generational entrepreneurial knowledge transfer that goes with it.

4.4.2.2 Limitations

However, limitations may be presented by the fact that the sample is:

1. From public-listed companies versus one that includes smaller private enterprises,
2. From companies that are older than 15 years old versus younger firms,
3. Restricted in terms of race, gender and age,
4. Has educated respondents versus entrepreneurs who may not have the same level of education.

4.4.2.3 Mitigation

This is a study of what it takes to create and grow a sustainable entrepreneurial firm. The larger firms studied were once small businesses themselves and are reminiscent of what Schumpeter called “entrepreneurs with the big idea”.

Moreover, while there is no doubt that the demographics of those who become entrepreneurs in this country will change in the years to come, including gender representation, the lessons that helped these companies and individuals find success should provide interest and useful guidance (Makura, 2010), regardless of said demographics.

4.5 DESCRIPTIVE STATISTICS

Descriptive statistics summarise distributions and relationships formed by data (Bless & Kathura, 1993). The collected data are summarised using several tools such as statistical graphs - for example, bar charts and histograms - means, medians, modes, standards of deviation, coefficients of skewness and kurtosis (Karami, 2007), as was detailed in Section 3.8.1 on Statistics above.

4.5.1 Statistics

For the data analysed in this research, the results were as in Table 4.3 below:

Table 4.3: Descriptive Statistics Summary

Summary of Descriptive Statistics			Statistic	Std. Error
	Mean		4.74	0.16
	95% Confidence Interval for Mean	Lower Bound	4.42	
		Upper Bound	5.06	
	5% Trimmed Mean		4.80	
	Median		4.83	
	Variance		1.12	
	Std. Deviation		1.03	
	Minimum		2.14	
	Maximum		6.00	
	Range		3.86	
	Interquartile Range		1.48	
	Skewness		-0.73	0.37
	Kurtosis		0.63	0.72

Source: Researcher's own compilation, 2016

Table 4.3 continues from Figure 3.9 above, which reflects the different statistical metrics used to describe data.

4.5.1.1 Measurement of Position

Measurement of position elements such as ranks and quartiles were detailed in Section 3.8.1 above and indicated in Figure 3.9. Ranks and Quartiles in Table 4.4 below indicate the position of scores within the distribution identified from the units of analysis and study participants in Appendix 7.

Table 4.4: Ranks and Quartiles

QUARTILE 1 (420-480) 22%	QUARTILE 2 (360-420) 45%	QUARTILE 3 (300-360) 31%	QUARTILE 4 (240-300) 2%
R11 (463)	A2 (405)	SF39 (359)	R8 (285)
A3 (450)	A1 (399)	SF35 (357)	
SF31 (448)	SF24 (394)	SF17 (352)	
SF13 (441)	R2 (387)	SF12 (350)	
SF15 (439)	R10 (391)	R4 (350)	
SF21A (438)	SF11 (391)	SF51 (349)	
R9 (431)	SF18 (383)	SF42 (347)	
SF10 (428)	SF25 (378)	SF49 (344)	
R3 (424)	SF62 (377)	R6 (343)	
	SF3 (373)	SF65 (342)	
	SF30 (373)	SF50 (339)	
	SF8 (371)	SF1 (338)	
	R7 (370)	A4 (317)	
	SF47 (368)		
	R1 (367)		
	SF21 (364)		
	SF36 (363)		
	R5 (360)		

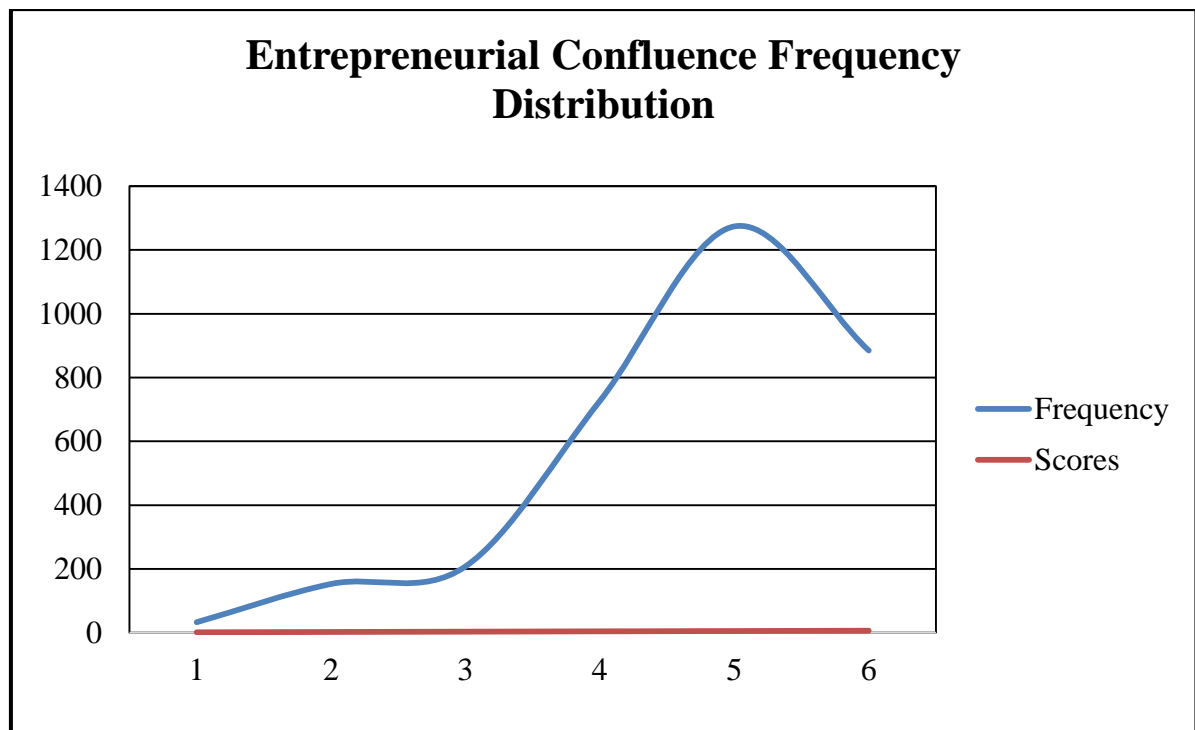
Source: Researcher's own compilation, 2016

4.5.2 Distribution Curve

4.5.2.1 Frequency Distribution

The frequency distribution was used in Figure 4.12 to visually assess normality, in the first instance. The measures of skewness and kurtosis further explored below were obtained from the summary of descriptive statistics in Table 4.3 above.

Figure 4.12: Entrepreneurial Confluence Frequency Distribution



Source: Researcher's own compilation, 2016

This distribution curve can be described as:

- Not normal
- Skewed significantly
- Leptokurtic (peaked or less flat-topped)

Many of the statistical procedures, including parametric tests, assume that data are normally distributed or have a bell-curve shape. The researcher looked for normality visually by using Figure 4.12 above to compare the sample distribution to a normal one. A visual assessment shows that the frequency distribution graph is skewed and peaked.

4.5.2.2 Skewness and Kurtosis

The absence of symmetry (skewness) and pointiness (kurtosis) are two important ways in which a distribution can be unusual, as in a normal distribution the values for these parameters should be zero (Ghasemi & Zahediasl, 2012).

Table 4.3 above indicates a Skewness score of -0.73 and Figure 4.12 above shows NEGATIVE SKEWING - that is, to the right. Similarly the Kurtosis score of 0.63 in Table 4.3, and the visual of Figure 4.12 shows that it is more peaked than a normal distribution - that is, it is leptokurtic.

It is of critical importance to assess if data show abnormality by using tests of normality. This is discussed below.

4.5.2.3 Test of Normality

The normality tests are complementary to the graphical assessment of normality. Among the primary tests, the Kolmogorov-Smirnov (K-S) and Shapiro-Wilk tests are highly utilised (Ghasemi & Zahediasl, 2012).

Both tests can be done in SPSS, which provides the K-S (with Lilliefors correction) and the Shapiro-Wilk normality tests. It is suggested that these tests be used only for sample sizes of less than 50 (Ghasemi & Zahediasl, 2012).

Section 4.3 above indicates that the sample does not take after a normal distribution.

4.5.2.4 Conclusion

Essentially, the purposive sample reveals a distribution curve that is asymmetrical. This is confirmed visually and through skewness, kurtosis and significance scores from a Kolmogorov-Smirnov test of the data. Furthermore, the mean and median scores from Table 4.3 of Section 4.8 are far from the centre of 3 on the 6-point Likert scale used.

Further research may look at whether a non-purposive sample may reveal a more conventional symmetrical bell curve or an asymmetrical curve skewed to the left - that is, less entrepreneurially-confluent. This aspect is dealt with in Limitations below.

4.6 SUMMARY OF QUANTITATIVE FINDINGS

1. The null hypothesis was rejected and the alternative hypothesis accepted. Entrepreneurial Confluence, as underpinned by the valid and reliable Entrepreneurial Confluence Measuring Instrument (ECMI), is positively related to the creation and growth of enduring value within entrepreneurial firms.
2. Furthermore, entrepreneurially-confluent firms as tested do not follow a normal distribution. They tend to have a distribution that is negatively skewed and more peaked.
3. The purposive sample units of analysis ALL scored more than the minimum 240 score needed to be entrepreneurially-confluent on average. The researcher thus infers that a significant part of the growth of entrepreneurial firms is due to their practice of the 12 behaviours associated with being ‘entrepreneurially-confluent’.

The ranking of firms in Table 4.4 above shows that the firms performed differently in terms of entrepreneurial confluence and the three sub-factors of enterprise, evolution and execution. Hence, underperformance was registered in some instances on a quantitative analysis basis. This revealed an Entrepreneurial Confluence gap which can be used as a basis for strategic diagnosis and remedial intervention, as illustrated in Section 4.8 below.

4.7 SUMMARY OF QUALITATIVE FINDINGS

4.7.1 Introduction

The 80-item questionnaire (Appendix 4) has a first section comprised of 20 semi-structured interview items with a section for quantitative answers, as well as additional space for qualitative additions. The comments appear in Appendix 1 and enrich the knowledge base pertinent to the subject.

4.7.2 Qualitative Response Rate

73% of the respondents who completed the whole questionnaire (Appendix 7) completed the qualitative section.

4.7.3 Agreements

In 85% (17 out of 20) of the qualitative questions, many respondents agreed with the statement presented that:

1. Entrepreneurs are individuals who take the risk of creating something new and different, and profit through such innovation. (94% Agree).
2. Innovative entrepreneurs can create significant growth and value for stakeholders. (95% agree).
5. There is a major difference between the growth and performance of entrepreneurial and innovative companies and other types of companies. (63% agree).
7. Strategic management of entrepreneurial activities constitutes a real challenge for corporate management. (66% Agree).
8. The entrepreneur does not necessarily have to be a single person; the entrepreneurial function can be filled cooperatively by a team, department, division or whole organisation. (68% Agree).
9. Business performance depends on the strategies and competitive tactics of entrepreneurial leaders and their teams in both domestic and international markets. (71% Agree).

10. Globalisation is both an opportunity and a threat. Faced with global competition, entrepreneurship and innovation are critical to sustainable advantage and value creation. (84% Agree).
11. Entrepreneurship is an important growth strategy for the competitiveness of organisations as they face the dynamics of ever-shifting competitive landscapes and fast-paced change. (74% Agree).
12. Entrepreneurial strategy involves both the creation of organisations as well as their growth through new economic activity. (79% Agree).
13. Entrepreneurial behaviour enhances a firm's competitive position and performance. (76% Agree).
14. The more challenging the firm's environments, the greater the need to be entrepreneurial. (64% Agree).
15. Entrepreneurship and innovation promote a company's growth and can constrain its growth if it not cultivated and managed. (79% Agree).
16. A business requires entrepreneurial skills over the whole of its existence, and not just when starting out. (87% Agree).
17. Leadership teams should be entrepreneurial in approach and responsible for directing resources towards greater performance. (84% Agree).
18. Management should have a broad, clearly-communicated vision with a mandate to capture growth opportunities as demanded by capital markets. (63% Agree).
19. Companies should have clearly defined organisational values associated with entrepreneurship and innovation. (66% Agree).
20. Continuous innovation and the ability to compete proactively in global markets are the key skills that will determine corporate performance in the current and future business environment. (73% Agree)

4.7.4 Disagreements

In 15% (3 out of 20) qualitative questions, many respondents ‘disagreed’ with the statement presented that:

3. Entrepreneurship aims at leadership and dominance in existing and new markets or industries. (55% disagree).

4. Entrepreneurship is mainly a small business or new venture phenomenon, as it is a well-known fact that ‘big businesses do not innovate’. (66% disagree).

6. Entrepreneurial activity is a natural and integral part of the strategic behaviour and growth process in large established firms. (79% disagree).

4.7.5 Additional Insights

The responses to the qualitative questions largely confirmed the quantitative and qualitative aspects of the research. However, twenty additional key insights were gleaned from the respondents’ comments, which have the effect of enriching the understanding of the entrepreneurial strategy construct.

1. ENTREPRENEURSHIP ‘IS NOT ALWAYS ABOUT MONEY’

Entrepreneurs are individuals who take the risk of creating something new and different and profit through such innovation.

However, ‘*It is not always about money*’ (CEO SF24). ‘*Some entrepreneurs are not driven by a profit motive i.e. social (entrepreneurs)*’ (CEO R10). ‘*I do not believe that profit is the motivation,*’ adds (DIRECTOR SF12)

2. ENTREPRENEURSHIP IS NOT NECESSARILY ABOUT ‘SOMETHING NEW’

Entrepreneurs ‘*don't necessarily need to create something new and different. Sometimes they take/copy existing ideas and improve on them*’ (CEO SF21A). It is ‘*not necessarily something*

new' (DIRECTOR SF12) *'and innovative. You can refine an existing offering or just do it better'* (CEO SFP).

'Some entrepreneurs profit from very old-established businesses as well' (CEO SF3). And *'Sometimes it's about doing the same things differently in the same organisation'* (CEO SFP) or *'it could also involve turning around a poorly-performing, already-existing entity like in our case'* (CEO A3)

'Old economic activity could also be improved and enhanced for it to make an impact' (CEO R3), and *'Can be just for survival as much as it can be for growth. It can be for maintenance of the organisation too'* (CEO R5). For example, *'It can also involve continuous improvements of processes and systems which improve efficiencies and/or reduce costs'* (CEO SF21A).

3. ENTREPRENEURSHIP IS ABOUT 'FREEDOM WITHIN A FRAMEWORK'

Innovative entrepreneurs can create significant growth and value for stakeholders. *'They can indeed, but this needs to be balanced with the risk profile they generally create, particularly as a company begins to corporatise, as in BR's case. There is a fine balance, not to become too corporate and allow enough space for the entrepreneur to flourish, but have enough structure in place to manage the risk'* (DIRECTOR SF42). For example, *'At R1 we use a "freedom within a framework" concept i.e. you need the freedom to explore new ideas within a framework to manage the risk'* (CEO R1).

4. ENTREPRENEURS 'DON'T AIM AT LEADERSHIP AND ESPECIALLY NOT DOMINANCE'

Entrepreneurship aims at leadership and dominance in existing and new markets or industries. *'It can, but does not have to'* (DIRECTOR SF47). *'Sometimes but not always true,'* adds (CEO SF50). *'Leadership is obviously important, but dominance is not necessarily the outcome'* (CEO R5)

‘Entrepreneurs don’t worry too much about dominance’ (CEO SF15). ‘They don’t aim at leadership and especially not dominance’ (DIRECTOR SF12). It is ‘not dominance but rather a new way of doing things’ (DIRECTOR SF11). ‘Don’t think leadership is an absolute requirement’ as ‘there are different types of businesses, not all of which need to seek growth’ (CEO SF3). ‘Not all entrepreneurs want or enjoy being big. Some become serial entrepreneurs precisely because what they have founded has become too big or dominant’ (CEO SFP).

It may be about a *‘niche area opportunity rather than leadership and dominance’ (CEO SF10).*

‘Entrepreneurs look for a “gap”, which is not necessarily dominance’ (CEO R7). ‘Agree i.e. seeing a gap in the market and filling it’ (CEO SF65). ‘Some companies occupy a niche’ (CEO R1) ‘rather than redefining’ (DIRECTOR SF62) and ‘may also aim to create special niches for various products. That is where they lead and dominate’ (CEO R3)

5. ANY BUSINESS CAN BE ENTREPRENEURIAL AND INNOVATIVE ‘REGARDLESS OF ITS SIZE’

Entrepreneurship is mainly a small business or new venture phenomenon, as it is a well-known fact that ‘big businesses do not innovate’. I *‘Disagree’ (DIRECTOR SF62) ‘that is the traditional view’ (DIRECTOR SF30) which is ‘obviously not true in all instances’ (CEO R4).*

‘Any business can innovate regardless of size’. (CEO R3) ‘However, it depends on the leadership and is not true for all businesses’ (CEO SF10). ‘There is always room for innovation, no matter the size of the business’ (CEO R5). ‘It does not have to be a small business or new venture and can equally exist in a “big business,” provided the organisation retains an appetite for it. I would question whether there is empirical data to suggest that big business does not innovate’ (DIRECTOR SF42).

‘Big businesses often take significant entrepreneurial actions’ (DIRECTOR SF12) and certainly ‘entrepreneurship is both big and small. Big does not mean no innovation and entrepreneurs are not only small. Ask Richard Branson or Brian Joffe’ (CEO SF15).

'Big businesses can and do innovate' (CEO SF21A). 'Some big businesses do innovate - for example, RMB and insurance sector in South Africa. Apple and Samsung are global businesses and their business is about innovation' (CEO SF24). 'Apple is the largest company in the world by market capitalisation and they are arguably among the most innovative' (CEO SFP)

'However, it is often difficult for big business to sustain an innovation culture' (CEO SF21A). 'Sometimes, big businesses get to the comfort zone and fail to innovate and some get into trouble e.g. Kodak and Sony' (CEO A3). 'It does seem that larger organisations become more bureaucratic and therefore innovation becomes more complex.' (CEO R4). 'It is certainly more difficult to promote entrepreneurship in a big business; however, if done correctly, big businesses can offer tremendous resources to provide a springboard for would-be entrepreneurs' (DIRECTOR SF13).

'Big business HAS to constantly innovate to retain their standing' (DIRECTOR SF11). 'Big businesses which want to remain relevant to the market and want to grow and not wither and die need to innovate' (CEO A2). 'Otherwise they remain irrelevant and will die. Technology and new ideas give businesses the edge' (CEO R8).

6. ENTREPRENEURIAL ACTIVITY SHOULD 'BE AN INTEGRAL PART OF ANY FIRM'S STRATEGIC BEHAVIOUR'

Entrepreneurial activity is a natural and integral part of the strategic behaviour and growth process in large established firms. *'I disagree, as it is far more difficult to achieve in a large established firm' (CEO SF65). 'Most large and established firms do not necessarily engage in entrepreneurial activity' (CEO SF21A). Also, 'It is an inherent leadership style and if the leader doesn't have a vision or style like that, it affects the nature of activity' (DIRECTOR SF30).*

'Entrepreneurship generally does not occur naturally in large firms. It should, however, be an integral part of any firm's strategic behaviour' (DIRECTOR SF13), especially 'given the current pace of change' (CEO R4).

7. CORPORATE MANAGEMENT SHOULD ‘BE IN ITSELF, ENTREPRENEURIAL’

Strategic management of entrepreneurial activities constitutes a real challenge for corporate management. It *‘can be very challenging’* (CEO A2), but *‘it depends if corporate management is in itself, entrepreneurial’* (CEO R7). You *‘need a focused core team to handle such an activity’* (CEO A2).

8. YOU NEED AN ENTREPRENEURIAL ‘LEADER TO DRIVE THE PROCESS’

The entrepreneur does not necessarily have to be a single person; the entrepreneurial function can be filled cooperatively by a team, department, division or whole organisation. *‘I disagree - the driving force is always centred on no more than 3 people’* (DIRECTOR SF51) and *‘while there could be a team supporting the person and who share the vision and assist with the execution and enjoy working in a fast-paced environment, you generally tend to find that the “spark”, that entrepreneurial spirit, resides in only a few individuals.’* (DIRECTOR SF42). *‘However, the top person needs to be an entrepreneur – entrepreneurs under bureaucrats do not work’* (CEO SF15).

‘By and large, entrepreneurs are individuals. However, they can impart the vision to the team’ (CEO R7). *‘Teams, departments etc. need a leader to drive the process’* (CEO R8). So, *‘while it is important that a team, department, division or organisation cooperates to produce an entrepreneurial environment, very often the most important factor is a highly-driven entrepreneur to provide the entrepreneurial vision and direction for the group’* (DIRECTOR SF13).

9. THERE IS A NEED FOR ENTREPRENEURIAL ‘SUCCESSION PLANNING’

‘The team approach makes more sense, especially in view of the need for succession planning. If it is too individual- focused, there is a danger of lack of sustainability’ (CEO A3).

10. BEING ENTREPRENEURIAL 'IS NOT THE ONLY INGREDIENT OF BUSINESS PERFORMANCE'

Business performance depends on the strategies and competitive tactics of entrepreneurial leaders and their teams in both domestic and international markets. *'Not always'* (CEO SF50). *'Business performance is dependent on so many variables'* (DIRECTOR SF42). *'Other factors contribute'* (DIRECTOR SF36) *'such as underlying market dynamics'* (CEO SF3), *'the industry and your customer base'* (DIRECTOR SF30) or *'the amount of competition'* (DIRECTOR SF62). *'Growth can also be generated by other factors besides entrepreneurship and innovation'* and *'entrepreneurial flair is not the only ingredient of business performance'* (CEO R5). *'Also need management discipline'* (CEO SF31).

11. ENTREPRENEURSHIP IS ABOUT INSTITUTIONALISING 'REPEATABLE MODELS OF SUCCESS'

'Entrepreneurial flair is not the only ingredient of business performance' (CEO R5) and *'entrepreneurship cannot be the only lever to determine competitiveness. It is a number of factors, including agility and speed of execution etc in combination, that determine outcome. One must have repeatable models of success'* (DIRECTOR SF51). *'There is a lot to creating sustainable advantage than just entrepreneurship and innovation e.g. operational efficiencies'* (CEO SFP). *'You need to also focus on processes and systems to institutionalise for continuous competitive positioning and performance'* (CEO A2) and *'businesses must also do boring well to sustain success'* (CEO SF10). *'Structure is more important to sustain rather than entrepreneurial activity'* (DIRECTOR SF11). *'It's not just about innovation. Lots of companies with good ideas fail because they don't execute them well. Some of it is about delivering on your promises'* (CEO R4) *'and having a "can do" attitude'* (DIRECTOR SF42).

12. ENTREPRENEURIAL BEHAVIOUR 'IS NOT ALWAYS BETTER' AND 'CAN BE DESTRUCTIVE'

Entrepreneurial behaviour enhances a firm's competitive position and performance.

'Not always – it can also damage or destroy the firm' (DIRECTOR SF12). This is *'true and not always better'* (CEO SF50) as *'they can also fail and do the opposite'* (CEO SF3). *'Some entrepreneurial behaviour can be destructive'* (CEO R10) and *'in large firms, this must still be checked for appropriateness'* (DIRECTOR SF51) and *'correctly focused'* (CEO SF65).

'Entrepreneurial companies tend to be more volatile, while other companies are more stable' (CEO SFP). Furthermore, *'innovative companies must tolerate failure which sometimes can lead to losses'* (CEO SF21A) *'and in fact entrepreneurial companies might over-reach'* (CEO R8).

'There are times, though, when great upheavals in an organisation cause confusion and therefore affect and impact on performance' (CEO R3).

13. SOMETIMES YOU NEED TO 'DO THE NUTS AND BOLTS' AND 'GET THE BASICS RIGHT'

The more challenging the firm's environment, the greater the need to be entrepreneurial.

'I agree. However, sometimes it's necessary to fix your business and concentrate on the operations and see to the nuts and bolts of your business' (CEO SF24). *'Being entrepreneurial shouldn't come at the expense of getting the basics right. You have to deliver the core proposition of who you are and what you do well, otherwise innovation doesn't really matter. In our case, we can list as many new products as we like, but if our trading system doesn't work, it doesn't matter'* (CEO R4).

'Should be entrepreneurial regardless' (CEO SF3) but *'probably the greater the need to be innovative rather than entrepreneurial'* (CEO R5).

14. ENTREPRENEURIAL TALENT SHOULD BE ‘HARNESSED’

Entrepreneurship and innovation promote a company’s growth and can constrain its growth if it is not cultivated and managed. *‘There are a lot of other factors as well. Entrepreneurship and innovation are not the be-all and end-all of company performance and growth’* (CEO SFP). For instance, *‘As the company grows bigger, the same becomes more complex and requires more stringent risk management practices to manage. We have continued to build capacity both in people and systems at all stages of the development to mitigate this’* (CEO A3). *‘What is perhaps worse is where one has entrepreneurs within a business, but then do not harness or recognise this – such individuals can become destructive and will generally leave and one will have lost the opportunity to tap into that resource’* (DIRECTOR SF42).

15. THERE IS A NEED TO ‘BALANCE’ ENTREPRENEURIAL AND NON-ENTREPRENEURIAL ASPECTS

‘Strategy, structure and people are essential’ (CEO R10). *‘There should be a balance between the visionaries, operations and structure. If there is no point of pausing and reflecting, this can harm a business’* (DIRECTOR SF30).

“Undoubtedly, having entrepreneurial leaders is just as important as having solid leaders who can bed down “chaos” created by entrepreneurs and make it work. My experience is that entrepreneurs can do as much damage as they can create advantage and the difference lies in the quality of execution which is not normally by the entrepreneur who is triggered by different stimuli.’ (DIRECTOR SF42).

16. THE BLEND, SKILL SET AND EMPHASIS ‘CHANGE OVER THE LIFECYCLE’

A business requires entrepreneurial skills over the whole of its existence, and not just when starting out. *‘Agree, but the blend or emphasis changes over the life cycle of the organisation’* (DIRECTOR SF42). *‘Yes, an assessment of the different skill sets required at different levels of growth is mandatory. Whereas five years ago we were content with local banking skills, as*

we go to the region, we need people who can manage businesses across different geographical and cultural zones’ (CEO A3).

‘Continuous innovation and entrepreneurship is required – in fact, sometimes more so in the mid-life of a company’ (CEO SF15).

17. IT IS ‘NOT ONLY ENTREPRENEURIAL TEAMS THAT CREATE SUSTAINABLE VALUE’

Leadership teams should be entrepreneurial in approach and responsible for directing resources towards greater performance. *‘Leadership teams must obviously direct resources toward greater performance, but do not believe that they have to necessarily be entrepreneurial for this to happen (DIRECTOR SF42). ‘There is no evidence that creation of value is only in the domain of entrepreneurial teams’ (DIRECTOR SF51). ‘Entrepreneurship should be instilled in leadership teams and should extend down the organisation’ (CEO SF15) and ‘performance must be sustainable’ (CEO SF24).*

18. THERE ARE ‘OTHER STAKEHOLDER OBJECTIVES’ AS WELL, BESIDES THOSE OF CAPITAL MARKETS

Management should have a broad, clearly-communicated vision with a mandate to capture growth opportunities as demanded by capital markets. *‘It depends on the objectives of the owners. For a listed company, maybe’ (CEO SFP).*

However, *‘Management’s horizons must extend way beyond those of capital markets’ (CEO R10) as ‘there are other stakeholders as well’ (DIRECTOR SF36) to consider as well as ‘businesses’ own definition of success which may include non-short term goals’ (DIRECTOR SF51). ‘Sometimes capital markets are very short-term and thus misdirected’ (CEO SF35) and ‘may not always have a vision of where innovators are taking a business and may frown on opportunities. They may only see results later’ (CEO R3).*

19. ORGANISATIONAL VALUES ‘SHOULD NOT ONLY BE ASSOCIATED WITH ENTREPRENEURSHIP AND INNOVATION’

Companies should have clearly defined organisational values associated with entrepreneurship and innovation. *‘Organisational values should not only be associated with entrepreneurship and innovation’* (DIRECTOR SF36).

20. YOU DON’T HAVE TO BE GLOBAL TO BE SUCCESSFUL

Continuous innovation and the ability to compete proactively in global markets are the key skills that will determine corporate performance in the current and future business environment.

‘Not the only skills. And competing in global markets is not necessarily a prerequisite for corporate performance’ (DIRECTOR SF36). *‘Many entrepreneurs don’t have sufficient knowledge or resources to work globally and have been successful only in a local context. The synergy between big business and entrepreneurs creates the opportunity for capitalising on global opportunities’* (DIRECTOR SF42).

Additionally, *‘Not all businesses wish to be global. We have very good businesses that do well in a national context’* (CEO SF24). One should *‘rather be “in line with global standards” if the business is local’* (CEO R10).

4.7.6 Confirmation of Research Paradigm

Importantly, the qualitative responses largely confirmed the Entrepreneurial Confluence research paradigm.

One thing is for sure, *‘Entrepreneurship is hard to define’* (CEO SF15) for both researchers and successful entrepreneurs alike. Be that as it may, there must be an entrepreneurial *‘focused strategy’* (CEO SF65). While *‘entrepreneurs are happy to start from a zero base’* (CEO SF15) and *‘undoubtedly an entrepreneurial strategy can create an organisation,’* (DIRECTOR SF42) entrepreneurship is *‘not necessarily (only) the creation of organisations’* (DIRECTOR SF12), *‘but it could also involve turning around a poorly-performing, already-existing entity like in our case’* (CEO A3), or *‘old economic activity could also be improved and enhanced for it to make an impact’* (CEO R3).

Entrepreneurship is not about small businesses and start-ups only, as *‘some entrepreneurs profit from very old-established businesses as well’* (CEO SF3). *‘It does not have to be a small business or new venture and can equally exist in a “big business”, provided the organisation retains an appetite for it’* (DIRECTOR SF42). *‘Entrepreneurship is both big and small. Big does not mean no innovation and entrepreneurs are not only small. Ask Richard Branson of Virgin Group or Brian Joffe of Bidvest’* (CEO SF15).

‘Management should certainly seek to capture growth opportunities where the risk of pursuing these opportunities is acceptable to the business’ (DIRECTOR SF12) as *‘if not entrepreneurial they hold back the growth’* (CEO SF31). *‘Whether it (growth) is or is not is rather a product of the leadership and external stakeholders – it is something that entrepreneurial organisations would consciously do’* (DIRECTOR SF42). Conversely, *‘There are different types of businesses, not all of which need to seek growth’* (CEO SF3) and *‘companies can grow and add little value in the process. They can grow and be innovative and lead while adding value’* (CEO R3). *‘Entrepreneurial companies might over-reach’* (CEO R8). They can grow value, *‘but they can also fail and do the opposite’* (CEO SF3).

‘Entrepreneurial companies tend to be more volatile, while other companies are more stable’ (CEO SFP) and ‘while entrepreneurial companies may initially grow quickly, sustainability becomes an issue, while larger organisations that are entrepreneurial may have somewhat slower growth, but they are able to handle fluctuations in the market and are thus more sustainable. This is certainly what one sees within BR’ (DIRECTOR SF42).

‘Entrepreneurship may also assist the company to be smaller where necessary and through that process add value. Growth in volume may not equal to growth in value’ (CEO R3).

Growth should be growth for growth’s sake, but towards the creation of value.

Ultimately, *‘Entrepreneurship and innovation are not the be-all and end-all of company performance and growth’ (CEO SFP) and ‘Growth can also be generated by other factors besides entrepreneurship and innovation’ (CEO R5).*

Importantly, *‘Entrepreneurial behaviour allows a firm to respond faster to competitive threats, as well as enabling them to innovate themselves into a position of less competition’ (DIRECTOR SF13), thus enhancing a firm’s competitive position and performance. But ‘some entrepreneurial behaviour can be destructive’ (CEO R10) and ‘in large firms, this must still be checked for appropriateness’ (CEO SF51) and can ‘change the game of doing business for the better’ (CEO SF31) ‘if correctly focused’ (CEO SF65).*

What is clear is that *‘with the rate of change in the global market happening at a tremendous pace, it is imperative that organisations continuously innovate. Today, standing still for just a moment can be the difference between success and failure’ (DIRECTOR SF13), and certainly ‘if you are standing still you are moving backwards’ (DIRECTOR SF62).*

In today’s hyper-competitive, globalised business landscape, entrepreneurial strategy is defined at the confluence of:

- a) ENTERPRISE (Future Orientation, Environmental Knowledge, Opportunity-Seeking, and Risk-Taking) or the continuous identification of new, risk-adjusted opportunities and formulation of concomitant plans. Clearly *‘innovate and be enterprising = you will succeed. Status quo will relegate you to a scrapheap’ (CEO R3).*

FUTURE ORIENTATION

Today *'Markets are increasingly globalised and the pace of change is dramatic. If you are not thinking about how to position your company for the future, then you are not likely to survive (CEO R4). 'All entrepreneurs are innovative and see full opportunity in what they perceive an organisation to be in the future, which is always bigger and better' (CEO SF15). Unfortunately, sometimes 'the very nature of an entrepreneurial spirit means that strategy is frowned upon and the modus operandi is "in the moment" rather than a strategic eye/focus' and so 'absolutely, there needs to be a lens that extends beyond the ordinary to grow the business' (DIRECTOR SF30).*

ENVIRONMENTAL KNOWLEDGE

'Nowadays, entrepreneurs need to be aware and learn from global trends, while still being able to innovate on top of these trends' (DIRECTOR SF13). Sadly, 'Many entrepreneurs don't have sufficient knowledge or resources to work globally and have been successful in only a local context' (DIRECTOR SF42). Yet 'Competition is coming sometimes from non-traditional quarters, hence the need to be always on the lookout for substitutes that may eat into the market share' (CEO A3). It seems that the more challenging the firm's environments, then the greater the need to be entrepreneurial. While it 'depends on the environment' (DIRECTOR SF47), 'entrepreneurship enables a business to more capably deal with challenging environments (DIRECTOR SF13) and 'to remain relevant and ahead of the pack in any environment' (CEO R3).

OPPORTUNITY-SEEKING

The *'identification of new opportunities, whether in the form of new products and services or new ways of delivering those products and services, should be a constant part of any organisation' (CEO R4). By definition, 'Entrepreneurial companies can move quickly to take advantage of new opportunities that deliver superior growth' (DIRECTOR SF13).*

‘Entrepreneurs look for a “gap” (CEO R7) or “niche area opportunity (CEO SF10) and fill it” (CEO SF65). ‘Successful entrepreneurs are able to tap into markets that previously did not exist. This first-mover advantage creates the potential for rapid growth and profit’ (DIRECTOR SF13).

Internally as well, *‘Entrepreneurs within the organisation are always looking for new ways to influence the bottom line’ (DIRECTOR SF30).*

RISK-TAKING

‘Risk-taking is an important element of entrepreneurship’ (CEO A3), as ‘with the high rate of failure involved in entrepreneurship, the individual must be willing to accept the high possibility that they will fail, for the small chance that they will “win big”’ (DIRECTOR SF13).

- b) EVOLUTION (Game-Changing, Internal Transformation, Adaptation and Flexibility, and Learning) or the ability to adapt and transform the internal and external firm environments, ideas and business models to viable products or services. Essentially, *‘each organisation irrespective of age has to reinvent itself to remain competitive and relevant. Innovative entrepreneurs come in here’ (CEO R3).*

GAME-CHANGING

Simply put, *‘You have to stay ahead of the game’ (CEO SF3) such that ‘innovation is about anticipating new opportunities and being “ahead of the curve” or ahead of the change that is coming’ (CEO R4).*

‘When faced with a very challenging competitive environment, the best strategy is to change the rules of the game and create new customer segments instead of fighting for the same few customers that were already in the hands of the stronger players in the market. This seems to have worked’ (CEO A3).

INTERNAL TRANSFORMATION

The ability to transform *‘gives one the opportunity to re-evaluate and implement improvements’* (CEO R5). Also, *‘Entrepreneurs see something and can change the game if things do not work out’* (CEO SF31). *‘Agility seems to be a critical part of this - recognising when what you have tried hasn't worked and moving on to the next thing’* (CEO R4).

However, *‘There are times, though, when great upheavals in an organisation cause confusion and therefore affect and impact on performance’* (CEO R7).

An interesting aspect of internal change is that a business requires entrepreneurial skills over the whole of its existence, and not just when starting out, *‘but the blend or emphasis changes over the life cycle of the organisation’* (DIRECTOR SF42). *‘Yes, an assessment of the different skill sets required at different levels of growth is mandatory. Whereas five years ago we were content with local banking skills, as we go to other regions, we need people who can manage businesses across different geographical and cultural zones’* (CEO A3).

‘At every stage of growth, entrepreneurship and innovation is key’ (CEO R3) and *‘continuous innovation and entrepreneurship is required - in fact, sometimes more so in the mid-life of a company’* (CEO SF15).

ADAPTATION AND FLEXIBILITY

‘Making entrepreneurship a strategic part of a big business requires a certain amount of flexibility’ (DIRECTOR SF13).

Unfortunately, sometimes *‘Corporate managers do not adopt change fast’* (CEO SF31).

LEARNING

‘An organisation which has learnt to manage change could do this equally well (create value), as evidenced by some of the mining houses which are mature businesses, yet continue to grow revenue and profits’ (DIRECTOR SF42).

- c) EXECUTION (Structure, Resource Mobilisation and Management, Risk Management and Alignment) or the discipline to ‘get new things done’ or make things happen to deliver results against the strategy or vision. *‘Lots of companies with good ideas fail because they don't execute them well. Some of it is about delivering on your promises’* (CEO R4). *My experience is that entrepreneurs can do as much damage as they can create advantage and the difference lies in the quality of execution’* (DIRECTOR SF42).

STRUCTURE

‘Structure is more important to sustain rather than entrepreneurial activity’ (DIRECTOR SF11) and certainly *‘Strategy, structure and people are essential’* (CEO R10).

‘A well-structured organisation’ (DIRECTOR SF42) can create value.

RESOURCE MOBILISATION AND MANAGEMENT

‘Leadership teams must obviously direct resources toward greater performance, but I do not believe that they necessarily have to be entrepreneurial for this to happen’ (DIRECTOR SF42). *‘Companies need to be constantly improving themselves - seeking improved ways of working and improving our customers’ value proposition’* (DIRECTOR SF62) as *‘You need also to focus on processes and systems to institutionalise for continuous competitive positioning and performance’* (CEO A3).

‘Business performance is dependent on so many variables – undoubtedly having entrepreneurial leaders is just as important as having solid leaders who can bed down “chaos” created by entrepreneurs and make it work. Entrepreneurs tend to be big picture thinkers not concerned with the detail. Detail is generally left to others.’ (DIRECTOR SF42).

‘It is certainly more difficult to promote entrepreneurship in a big business; however, if done correctly, big businesses can offer tremendous resources to provide a springboard for would-be entrepreneurs’ (DIRECTOR SF13).

RISK MANAGEMENT

‘Entrepreneurship by definition, involves an element of risk. This should be balanced out by leadership to manage risk to a suitable level, while still enabling greater performance through entrepreneurship-led growth’ (DIRECTOR SF13) and ‘with the risk profile they generally create, particularly as a company begins to corporatise. There is a fine balance, not to become too corporate and allow enough space for the entrepreneur to flourish, but have enough structure in place to manage the risk.’ (DIRECTOR SF42).

‘As the company grows bigger, the same becomes more complex and requires more stringent risk management practices to manage. We have continued to build capacity both in people and systems at all stages of the development to mitigate this’ (CEO A3). ‘There is therefore some balancing act that needs to be found between outright innovation with no controls and some degree of oversight of what is done. It’s not an insurmountable challenge, but it does require some careful thinking’ (CEO R4). For example, ‘At R1 we use a “freedom within a framework” concept i.e. you need the freedom to explore new ideas within a framework to manage the risk’ (CEO R1)

ALIGNMENT

‘Strategic alignment is an important factor’ (CEO SF65) and entrepreneurial activity ‘still has to be managed, nurtured and coordinated’ (CEO SFP).

‘There is a lot to creating sustainable advantage than just entrepreneurship and innovation e.g. operational efficiencies’ (CEO SFP) and ‘There needs to be a balance between the strategic and operational view... which could enhance the business further’ (DIRECTOR SF30) . ‘Businesses must also do boring well in order to sustain success’ (CEO SF10), ‘have repeatable models of success’ (DIRECTOR SF51) so that you can ‘fix your business and concentrate on the operations and see to the nuts and bolts of your business’ (CEO SF24) as necessary.

4.7.7 Conclusion

The qualitative responses largely and quantitatively support the hypothesis that entrepreneurial confluence impacts positively on the growth of firms.

However, the disagreements are important as they show that entrepreneurship:

- Does not have to be about leadership or dominance, as in fact few entrepreneurs have high growth ambitions to begin with (Hunter, 2012),
- Is not the only driver of firm performance and growth,
- Can be in all firms regardless of their size.

Entrepreneurial leadership is highlighted as a potential contributor to the entrepreneurial and innovative behaviour of firms and is listed as an area for further research in Section 5.13.1.

Critically, one does not have to perform a study of SMEs to obtain a view of what it takes to grow, as firm size alone is not a determining factor. This validates the researcher's choice of scope by focusing on large-growth firms.

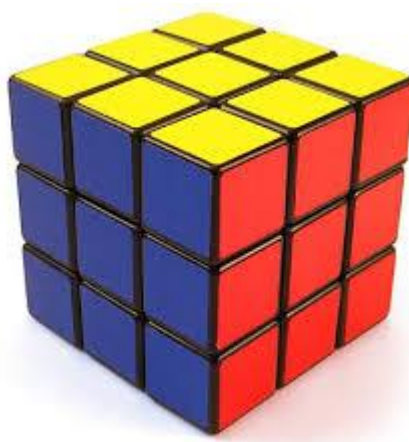
4.8 ENTREPRENEURIAL CONFLUENCE STRATEGY

4.8.1 Rubik's Cube

“If you are curious, you’ll find the puzzles around you. If you are determined, you will solve them” - Erno Rubik

As per the official website of Rubik (www.rubiks.com), the world-famous Rubik's Cube, shown in Figure 4.13 below, was created in 1974 by Erno Rubik, a Professor of architecture in Hungary.

Figure 4.13: Rubik's Cube



Source: www.rubiks.com

The creator regarded the Cube as reflective of the contrasts that humanity faces: challenges and triumph, simplicity versus complexity, stability versus change and, lastly, the dichotomy of order and chaos. Entrepreneurial endeavour is about people. Whenever one sees a scrambled Rubik's Cube, the instinct is to try to fix it. However, without guidance and practice, it is difficult to re-arrange (Chopra, 2014). Much like the start-up or growth of a business, it is deceptively easy to initiate but very difficult to grow. While the solving of Rubik's Cube in the minimum possible moves and time has fascinated researchers and hobbyists alike, few researchers have tried to relate the process of solving Rubik's Cube with management thinking and organisational growth (Chopra, 2014).

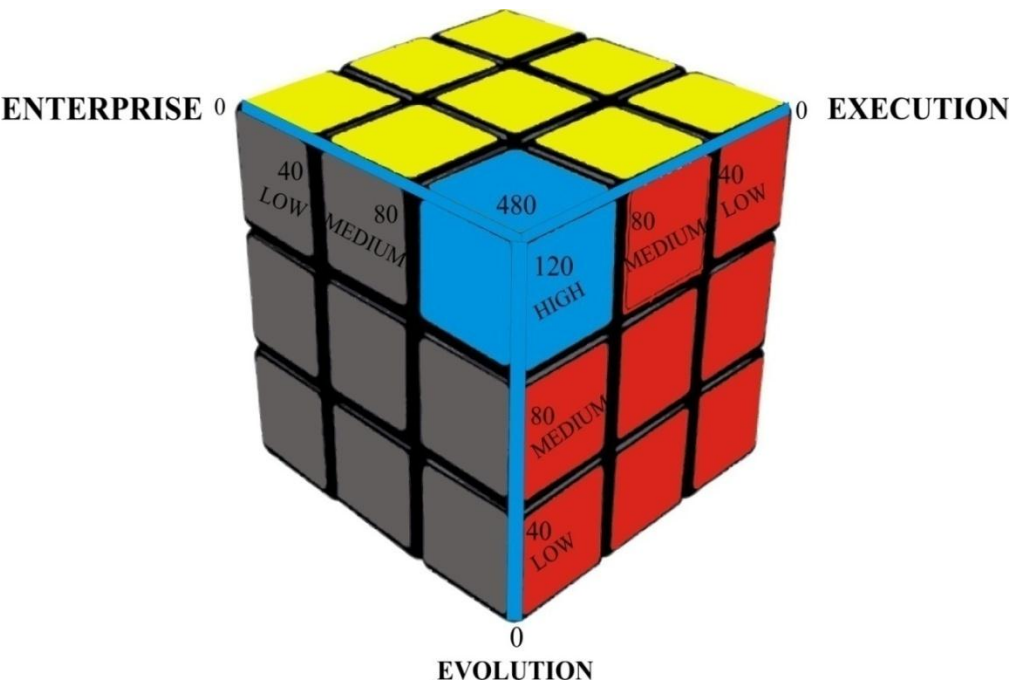
Yet, as executives today struggle with the dynamics of a globalised and fast-changing economy, it is as if they are trying to solve a constantly-moving Rubik’s Cube (Ashkenas, 2011). Entrepreneurship and growth presents a puzzle (Schramm, 2008), much like the solution to Rubik’s Cube. Therefore, while matrices have been in popular use for strategic management purposes, the researcher took inspiration from Rubik’s Cube to create a 3 by 3 matrix to serve as a tool for entrepreneurial growth strategy formulation and execution, as discussed in Section 4.8.2 below.

4.8.2 Entrepreneurial Confluence Strategy Matrix

The Entrepreneurial Confluence Strategy Matrix (ECSM) was inspired by Rubik’s Cube above, and evolved out of the Entrepreneurial Confluence Measuring Instrument (ECMI) which is a self-tailored, multi-dimensional questionnaire to measure Entrepreneurial Confluence (EC) with 80 questions broken down as 20 for each of the sections of CONCEPTUAL, ENTERPRISE, EVOLUTION and EXECUTION.

The ECMI is shown in Figure 4.14 below:

Figure 4.14: Entrepreneurial Confluence Strategy Matrix



Source: Researcher’s own compilation, 2016

It is used to compile raw scores into 3 sections - LOW, MEDIUM and HIGH:

- LOW 2 X 20 = 40
- MEDIUM 4 X 20 = 80
- HIGH 6 X 20 = 120

Thus, a respondent that scores the following:





HIGH ENTERPRISE EnHigh (120) + HIGH EVOLUTION EvHigh (120) + HIGH EXECUTION ExHigh (120) + HIGH GENERAL (120) = ENTREPRENEURIALY CONFLUENT (480).

Following on the above, Entrepreneurial Confluence (EnHigh + EvHigh + ExHigh), represented in the central blue diamond in the cube above, stands on the opposite end of the continuum to Entrepreneurial Diffluence (EnLow + EvLow + ExLow).

Section 1.4 introduced the research question. After a detailed literature review, Section 2.5.5 proposed a new paradigm of entrepreneurial strategy which could account for the growth continuum representing the gap between a start-up and a large firm.

ENTREPRENEURIAL CONFLUENCE is in the insides of entrepreneurial firms and positively impacts on their growth. Successful ‘entrepreneurs at the confluence’ are termed by the researcher as entrepreneurially-confluent. Those that are not, and are at the opposite end of the interactive continuum (Onwuegbuzie & Leech, 2005) in Figure 4.15 below, the researcher calls ‘entrepreneurially-diffluent’, as they tend to be apathetic, with stagnant or regressive growth which could lead to business failure if not tended to.

Figure 4.15: Entrepreneurial Confluence Hypothesis Continuum

Low	CONTINUUM	High
ENTREPRENEURIAL DIFFLUENCE		ENTREPRENEURIAL CONFLUENCE
Apathy		Enterprise
Stagnation		Evolution
Failure		Execution

Source: Researcher’s own compilation, 2016

4.8.3 Example – Founder & Executive Chairman of SF25

4.8.3.1 Introduction

As discussed in Section 3.7.2.1, Cotton and Covert (2007) mentioned that a researcher can add the value of the responses together to create a score. The responses from the completed questionnaire of one of the respondents are summarised in Table 4.5 below:

4.8.3.2 Raw Scoring Sheet Summary

Table 4.5: Raw Scoring Sheet Summary

Factor	Founder & Executive Chairman SF25	Research Sample Average	Entrepreneurial Confluence Maximum Score
Future-Oriented (FO)	23	24	30
Opportunity-Seeking (OS)	21	24	30
Risk-Taking (RT)	13	21	30
Environmental Knowledge (EK)	25	25	30
Game-Changing (GC)	24	23	30
Internally-Transforming (IT)	24	23	30
Adapting and Flexible (AF)	23	24	30
Learning (L)	23	23	30
Structuring (S)	23	21	30
Resource Mobilising and Managing (RMM)	25	24	30
Risk-Managing (RM)	25	25	30
Aligning (A)	25	25	30
TOTAL	274	282	360

Source: Researcher's own compilation, 2016

In Section 3.7.2, Baker (2003) mentioned that data from a Likert scale-based questionnaire, such as summarised in Table 4.5 above, can be further presented as a profile as in Figure 4.16 and discussed in Section 4.8.3.3 below.

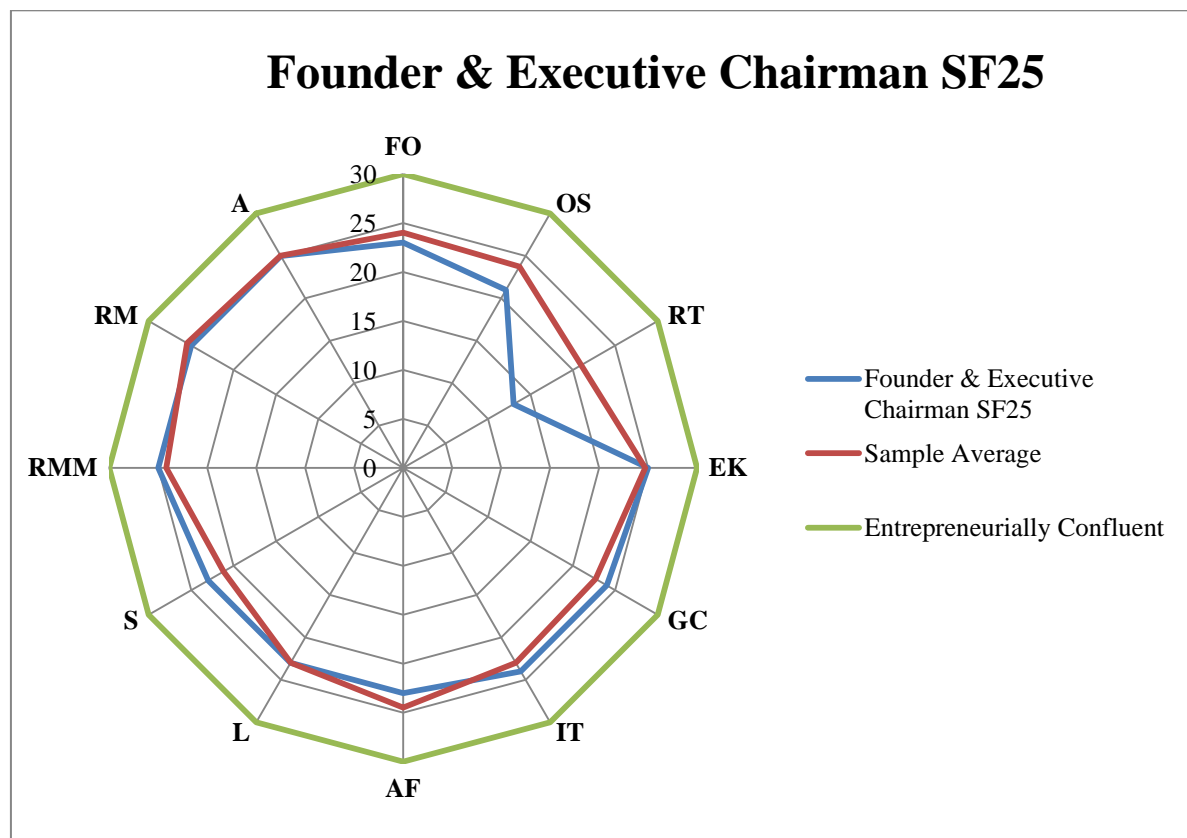
4.8.3.3 ‘Wheel of Becoming’ Entrepreneurially-Confluent (PROFILE)

The ‘wheel’ profile is a common method used in strategy and other consulting modes to visually show a respondent’s performance against key indicators. It draws inspiration from the Buddhist ‘wheel of becoming’ concept. The researcher has adopted this concept to show the level of entrepreneurial confluence of one of the respondents of the survey.

Entrepreneurially-confluent respondents will have scores that are closer to the outer edge of the circle (Five questions X score of 6 which is the maximum score per question).

Conversely, the entrepreneurially-diffluent scores are closer to 0.

Figure 4.16: Entrepreneurial Confluence Profile for Founder and Executive Chairman SF25



Source: Researcher’s own compilation, 2016

The scores of the 12 sub-factors can indicate how entrepreneurially-confluent one is, and this may have implications for strategic fit within the highly turbulent business environment today.

The scores can indicate areas of strength or weakness, as well as showing areas where additional training, experience and mentoring can help to improve the competencies that are currently lowly scored. The EC profile can further be used by organisations which want to promote an entrepreneurial approach amongst their employees or teams. This possibility is discussed in Section 4.9 below as well.

It can be a means of providing entrepreneurs, would-be entrepreneurs and non-entrepreneurs with insight as to how their level of entrepreneurial confluence (or diffidence) compares with successful entrepreneurs included in this study and denoted by the sample average line in Figure 4.16 above or with the optimal level of entrepreneurial confluence represented by the circumference of the wheel above.

So, for example, even though the founder and Executive Chairman of SF25, whose scores are in Table 4.5 above, is a successful entrepreneur, he scores lower than the study sample average in factors such as Opportunity-Seeking and Risk-Taking. The reasons for this, such as his age of above 70 versus his younger cohorts and the maturity of the business may need to be investigated as a follow-up from this analysis.

4.8.4 Conclusion

In Section 4.6 above, one of the key findings of the ECMI was in identifying gaps in entrepreneurial confluence, and allowing an intervention or solution to be applied to this problem through appropriate consulting processes.

A combination of new tools has been presented above:

- Entrepreneurial Confluence Measuring Instrument (ECMI)
- Entrepreneurial Confluence Strategy Matrix (ECSM)
- Entrepreneurial Confluence Typology (ECT)
- Entrepreneurial Confluence Continuum (ECC)
- Entrepreneurial Confluence Profile (ECP)

The application of these in entrepreneurial business practice holds great promise in the world of strategy consulting.

The ECMI is a valid and reliable measure of entrepreneurial confluence. Over and above being a potentially useful tool for entrepreneurial strategy, it may also with more rigour and refinement become a valuable aspect of entrepreneurial assessments of a psychometric nature. This is discussed in Section 4.9 below.

4.9 UNEXPECTED FINDINGS

During research, surprising discoveries that are not specifically connected to the core research may be found. While these are not envisaged in terms of the research objectives, they may reflect important information beyond being a research tool that reflects the turbulent business environment of today (Al-Debei & Aviston, 2010).

In this research, the Entrepreneurial Confluence Measuring Instrument (ECMI) was found to be dynamic. In this section the researcher discusses its potential modification, improvement and application in the testing of entrepreneurial (Palmer, 1971) talent. This is especially important, as human capital is emerging as a greatly-used way by researchers to understand the phenomenon of entrepreneurship (Marvel, Davis & Sproul, 2016).

4.9.1 Entrepreneurial Confluence Talent Assessment

During the qualitative interviews, a few of the respondents pondered about the applicability of the Entrepreneurial Confluence Measuring Instrument (ECMI) as refined, or a similar tool toward the management of talent in firms. The researcher thus developed an unexpected proposition that the new self-developed, valid, reliable, multi-factor questionnaire - Entrepreneurial Confluence Measuring Instrument (ECMI) - can be developed into a practical assessment for growing entrepreneurial talent, and proceeded to have a high-level evaluation, as discussed below.

4.9.2 Initial Assessment of ECMI by Professional Psychometric Test Development Company

The presentation and the full initial assessment carried out by one of the leading professional psychometric development companies in South Africa are excluded for confidentiality purposes. From an initial and conceptual psychometric perspective, however, they concluded thus:

“The ECMI has a unique way of measuring organisational effectiveness through entrepreneurial confluence. This idea looks at entrepreneurial capacity as both an individual and ecological phenomenon. However, the assessment requires much more research and development before it can be used with test-takers”:

1. Initial reliability analyses indicate that the measure has good internal consistency reliability ($\alpha = .95$). Scale reliability ranges from .502 to .88 which is considered good.
2. However, it may also be imprudent to accept reliability statistics based on a small sample size ($n=30$).
3. The factor analysis is not interpretable due to the small sample size and cannot be used to make inferences (general rule of thumb is at least 20 cases per item or at least 150 cases).
4. Predictive/criterion validity is not forthcoming. It is recommended that the assessment be tested against predictive criteria to determine whether it holds practical merit for the assessment of EC.
5. No equivalence study (it is a legislative requirement) has been completed, for the assessment equivalence is a legislative requirement for the use of assessments.
6. Norms are a measurement against which an individual's raw scores are evaluated, so that the individual's position relative to that of the normative sample can be determined. The assessment does not have any normative data yet.
7. The items of the questionnaire need to be reviewed (shorten, rephrase).
8. ECMI study requires review to clarify methodological concerns.

Survey questionnaires and psychometric instruments are types of research tools (Cotton & Covert, 2007).

According to the opinion given above, the ECMI requires more research and development before it can be used for psychometric testing, and in the selection, retention and growth of entrepreneurial talent. This area for further research is discussed in Section 5.4.2.1.

4.10 LIMITATIONS OF THE STUDY

4.10.1 Limitations

Several limitations related to the current research were identified.

An assumption of the study was that there are no major differences between entrepreneurial firms and other types of companies that would make the results difficult to generalise.

However, one of the qualitative findings of the research is that entrepreneurial behaviour is not the only lever of growth, performance and value creation. Other factors contribute to organisational performance and these have been well documented in previous research or may form the foundation for further enquiry.

The study only looked at entrepreneurial and high-growth stock exchange-listed concerns. These were also largely from South Africa.

The demographic statistics show that gender, age and race diversity is not well represented. This reflects a broader socio-economic challenge such as the shortage of women CEOs at leadership level, predominance of white males in senior positions, and absence of younger people in the upper echelons of business. A more diverse sample may yield different results and even point to the existence, opportunities and challenges of what may be an entrepreneurial glass ceiling for women, the young and the previously disadvantaged racial groups.

The sample was also purposive and not random. The application of a randomly-sampled, broader and more representative sample in terms of demographic indicators of position, industry, age, race, gender, professional background, education, tenure, firm age, firm size and country of origin may provide a different set of results and future research, as discussed in Chapter 5, may well explore this aspect.

4.10.2 Mitigation

In mitigation, large firms were once SMEs and, furthermore, face growth challenges and demands associated with maturity and competition like any other business. While entrepreneurship and innovation become more difficult for a large firm as it grows, it is not the preserve of small firms alone. In fact, as firms grow their ability to take advantage of larger opportunities on the international and local business stage increases. Hence, large firms need not be excluded from a study of entrepreneurial strategy as would be expected.

Thus, the sample for the current research consists of large, growing firms which best provide an insight into what is required to successfully navigate the various strategic inflection points along a firm's lifecycle. Despite the identified limitations within the scope of the study, the research reveals critical insights about the entrepreneurial strategic behaviour of entrepreneurial growing firms that may account for their enduring growth from small firm to a large corporate over time.

4.11 CONCLUSION

The alternative hypothesis that Entrepreneurial Confluence is positively related to the creation and growth of enduring value within organisations was accepted. The null hypothesis was rejected with minimal risk of erroneously claiming a relationship that does not exist. This was discussed in Section 4.3. Entrepreneurial Confluence is in the insides or make-up of today's entrepreneurial organisation and can promote its growth or limit it if not well managed.

The paradigm of entrepreneurial confluence provides an updated definition of entrepreneurial strategy and provides a foundation for a unified view of entrepreneurship that is lacking in research.

A profile of a typical entrepreneurially-confluent business leader was identified in Section 4.4.1. However, this may reveal the presence of an 'entrepreneurial glass ceiling' for women, the young and previously disadvantaged races in South Africa and seen as a limitation in Section 4.10.1 above.

Section 4.5 above showed that the distribution curve is negatively skewed (to the right), and leptokurtic (peaked), quite unlike the normal Bell curve. This study thus points to the successful entrepreneurs being 'a breed apart', as explored by Ginsberg and Buchholtz (1989). One of the questionnaire respondents concurred that "entrepreneurs are a rare special breed". As discussed in Section 4.10 above, a broader random sample might deliver a more conventional bell-shaped distribution and a different demographic profile.

The Entrepreneurial Confluence Measuring Instrument (ECMI) was found to be reliable and valid in Section 4.2 above.

Quantitatively, via the results of the ECMI, all the purposively-sampled firms met the minimum Entrepreneurial Confluence (EC) score of at least 240, in order to be considered entrepreneurially-confluent. An entrepreneurial confluence gap (the difference between the actual score and the potential maximum entrepreneurial confluence score of 480) was revealed, in that while all the firms scored at least 240 per 4.6 above, the raw score ranged from 285 to 463, revealing consulting opportunities to close the differential entrepreneurial confluence gaps. One of the objectives of the Doctor of Business Leadership qualification relates to consultancy.

The new paradigm of entrepreneurial confluence strategy (represented as a 3 x 3 matrix), and underpinned by a long form ECMI (80 items) was revealed. An example of one of the respondents illustrated the application in a consulting context in Section 4.8.

One of the research objectives discussed in Section 1.4 was to provide an updated paradigm of entrepreneurial strategy, given the impact of globalisation, technology and fast-paced change on growth and to develop a practical entrepreneurial growth strategy tool. This tool which represents a translation of the hypothesis to a basis for organisational action will help reduce SME mortality, if applied.

Qualitatively, many useful respondent comments were made and recorded in Appendix 1. Of note is that entrepreneurial activity is present in all firms, but is probably more difficult to manage in big firms, is not the only lever of performance and does not always aim at leadership or dominance. The implications are that the founding of a business is not always motivated by an intention to lead or dominate the industry or market. Market dominance can be a result of strategic evolution and the unfolding of new opportunities as an organisation grows. Also, entrepreneurial activity is not the only source of superior growth and performance in firms.

Another research objective was to evaluate the key constituents of entrepreneurial strategy, as required in today's business environment, by developing a distinct, integrated paradigm of

entrepreneurship that addresses what is in the make-up of the entrepreneurial growth firm. This integrated view saw Entrepreneurial Confluence as being composed of the three streams of Enterprise (En), Evolution (Ev) and Execution (Ex), with the tributaries in brackets in line with the river confluence metaphor and typology.

Limitations of the study were presented and as options for further research in Section 4.10 above. In conclusion, the main finding is that Entrepreneurial Confluence – the emerging paradigm of entrepreneurial strategy - can be inferred to be in the make-up of today's entrepreneurial organisation and can promote or limit its growth if it is not well managed. This answers the core research question raised in Section 1.4.

CHAPTER FIVE

CONCLUSION

5.1 INTRODUCTION

In Chapter 1, the reason for the study of the construct of entrepreneurial strategy and its relationship to the start-up and growth of organisations were explained. The literature review in Chapter 2 identified a gap in the literature in this regard. Chapter 3 proposed a research methodology for the study. Chapter 4 revealed the findings and Chapter 5 concludes that the emerging paradigm of Entrepreneurial Confluence is inherent in the the make-up of today's entrepreneurial organisation, and can promote or limit its growth if it is not well managed.

5.2 DISCUSSION

5.2.1 The Initial Big Idea

“The big idea”, as Zott and Richter (2002) call it, was that there has been much written on entrepreneurship and strategic management but little on entrepreneurial strategies, despite their importance in understanding the growth of firms. Hence, entrepreneurial strategy was chosen as an area of further exploration in Chapter 1.

5.2.2 Literature Review

The review of the existing literature on entrepreneurship affirmed that the field is divided, there is restricted amalgamation, and aggregate knowledge is not much more than its parts (Markman et al., 2001).

Additionally, many authors have complained about the lack of a cohesive description of the word ‘entrepreneur’ and what entrepreneurship comprises of (Ahwireng-Obeng, 2006).

5.2.3 Problem Statement

Despite resurgent interest in the theme, the entrepreneurial construct has many definitions, is still to be fully understood and lacks a unifying and current theme that explores the relationship of entrepreneurial strategy with the sustained growth that is the main objective of entrepreneurial organisations.

5.2.4 Research Question

In Chapter 1, the researcher initially asked the question:

“What is the make-up (‘insides’) of today’s entrepreneurial organisation that can promote or limit its growth if it were not well managed?”

Consequently, the research objectives were to evaluate the key constituents of entrepreneurial strategy, as required in today’s globalisation and fast-changing business environment, by developing a distinct, integrated paradigm of entrepreneurship that addresses what is in the make-up of the entrepreneurial growth firm and to develop a practical entrepreneurial growth strategy tool.

This tool would then be a basis for the necessary organisational action to help reduce SME mortality if applied, as well as to enable the growth of existing enterprises. The entrepreneurial confluence metaphor discussed in Section 5.3 below was a useful starting point.

5.2.5 Research Methodology

This research entailed a specific focus on some of South Africa’s and some of the rest of Africa’s most entrepreneurial, innovative and value-accretive organisations. The intention was to deepen understanding of the entrepreneurial strategy construct, and how it leads to the creation of globally competitive and viable business models through a new paradigm that adds value to the existing body of knowledge available to academia, has practical application for today’s African executives, as well as contributing to the development of the entrepreneurial society, the engine for societal wellbeing and economic growth.

Specifically, the researcher examined the building blocks of entrepreneurial strategy to explore how entrepreneurship can be defined and deepened on a sustainable basis through the application of a research methodology that is exploratory, fully-mixed, sequential, predominantly qualitative and inductive, to create a generalisable paradigm of entrepreneurial strategy - Entrepreneurship Confluence. In addition, a new pilot-tested, multi-dimensional, valid and reliable questionnaire survey-based instrument was developed, the Entrepreneurship Confluence Measuring Instrument (ECMI). This in turn is the foundation for the new growth strategy matrix – Entrepreneurial Confluence Strategy Matrix (ECSM) as well as complementary consulting tools.

5.3 CONCLUSION

5.3.1 Findings

The key findings are detailed in Section 4.1.1 above, and reiterated in Section 5.3.

5.3.2 Entrepreneurial Confluence Metaphor

Inspiration from the strategy river metaphor discussed in Section 2.5.3 led to the river confluence analogy.

As presented in this research, the Entrepreneurial Confluence is the meeting point of the three tributaries of ENTERPRISE, EVOLUTION and EXECUTION, which is the source of the river of INNOVATION which leads to GROWTH. The 12 sub-factors which are grouped into the three typologies of Entrepreneurial Confluence, can be viewed as smaller streams respectively flowing into the three main tributaries of ENTERPRISE (Future Orientation, Environmental Knowledge, Opportunity Seeking, Risk Taking), EVOLUTION (Game Changing, Internal Transformation, Adaptability and Flexibility, Learning) and EXECUTION (Structure, Alignment, Resource Mobilisation and Management, Risk Management).

These together constitute the new Entrepreneurial Confluence paradigm of entrepreneurial strategy summarised in Section 5.3.3 below.

5.3.3 Entrepreneurial Confluence Paradigm

In today's hyper-competitive, globalised business landscape, entrepreneurial strategy is defined as the confluence of the continuous identification of new, risk-adjusted opportunities and formulation of concomitant plans (ENTERPRISE), the adaptation and transformation of firm environments, ideas and business models to viable products or services (EVOLUTION), and the discipline to 'get new things done' or make things happen to deliver results against the strategy or vision (EXECUTION).

Successful entrepreneurially-confluent firms at the *Entrepreneurial Confluence* create and grow enduring value through innovation, as explored and confirmed by the current research.

This was transformed into a typology described below in Section 5.3.4.

5.3.4 Entrepreneurial Confluence Typology

The bird's eye view paradigm above was reduced to a worm's ground view framework in Figure 2.22 to facilitate the operationalisation of the various variables or, as Kaplan and Norton (2005) call it, to create a balanced map to enable the translation of the hypothesis to operational terms.

In Chapter 4, it was confirmed that the hypothetical relationship was valid and consistent and supportive of the research objectives in answering the research question.

5.3.5 New Contribution to Knowledge

Given the impact of globalisation, hyper-competition, change pervasiveness, technology advances, corporate governance regulations and the ascendance of knowledge as a key organisational resource, the concept of entrepreneurship deserved an updated conceptual framework that is cognisant of the imperatives of today's ever-shifting business landscape.

A new model that takes the best of individual entrepreneurs, as well as leading edge corporate strategic management principles, is needed.

The researcher's new paradigm of Entrepreneurial Confluence adds to the body of knowledge around entrepreneurial strategy, here defined as the creation and growth of organisations.

5.3.5.1 Hypothesis

Entrepreneurial Confluence impacts positively on the creation and growth of firms.

5.3.5.2 Models of Strategy

To summarise and illustrate the contribution to knowledge that the proposed *Entrepreneurship Confluence* paradigm seeks to achieve, the author has used the Brown and Eisenhardt (1998) model, as per Table 5.2 below:

Table 5.2: New Contribution to Models of Strategy

	FIVE FORCES	CORE COMPETENCE	GAME THEORY	COMPETING ON THE EDGE	ENTREPRENEURIAL CONFLUENCE
Assumptions	Stable industry structure	Firm as a bundle of competencies	Industry viewed as dynamic oligopoly	Industry in rapid, unpredictable change	Entrepreneur as main protagonist of business growth
Goal	Competitive advantage	Sustainable advantage	Temporary advantage	Continuous flow of advantages	Enduring entrepreneurial advantage
Performance Driver	Industry structure	Unique firm competencies	Right moves	Ability to change	Entrepreneurial Confluence i.e. Ability to be enterprising, to evolve and to execute
Strategy	Pick an industry, pick a position, fit the organisation structure	Create a vision, build and exploit competencies to realise vision	Make the right competitive and collaborative moves	Gain the ‘edges’, time pace, shape semi-coherent strategic direction	Entrepreneurial growth strategy
Success	Profits	Long-term dominance	Short-term win	Continual reinvention	Entrepreneurial growth

Source: Researcher’s own compilation, 2016

The researcher’s emergent paradigm of entrepreneurial strategy, like the construct of entrepreneurship from which it is derived, draws from other great perspectives such as Porter’s Five Forces (1980), Hamel and Prahalad’s (1990) core competence, Brandenburger and Nalebuff’s (1996) co-opetition and game-changing, and Brown and Eisenhardt’s (1998) competing on the edge. The researcher in no way suggests that Entrepreneurial Confluence is at the same level as the iconic ones mentioned above. However, the juxtaposition in Table 5.2 is meant to show how Entrepreneurial Confluence can add value to the body of knowledge.

While the Five Forces model assumed, and has been criticised for, the stable industry structure approach, Entrepreneurial Confluence follows a Schumpeterian perspective that views the entrepreneur as the key enabler of industry change in the first instance, but also evolving in line with the rapid and unpredictable change proposed by Brown and Eisenhardt's competing-on-the-edge philosophy. The industry is further viewed as being more dynamic in terms of players and business models than game theoretic precepts where entrepreneurially-confluent behaviour is one of the core competences needed both to create and grow the firm, as well as create the enduring entrepreneurial advantage. Because the theory of games refers to advantage that is temporary or fleeting (Brandenburger & Nalebuff, 1996), the only way to achieve a sustainable (Prahalad & Hamel, 1990) and continuous flow of advantages (Brown & Eisenhardt, 1998) is to be entrepreneurially-confluent.

Unlike Porter (1980) who stated that in a given industry structure, a firm's chosen position in it determines organisational performance, Entrepreneurial Confluence is inside the corporation today, and is the unique firm competence (Prahalad & Hamel, 1990) that enables the firm itself to change in response to the environment (Brown & Eisenhardt, 1998), as well as to change the game and make the right enterprising moves (Brandenburger & Nalebuff, 1996).

The entrepreneurial growth strategy paradigm of Entrepreneurial Confluence seeks to acquire entrepreneurial rent for profit (Porter, 1980) through enterprising behaviour that is akin to the visionary core competence-based approach of Prahalad and Hamel (1990), evolutionary tendencies that see a firm making both collaborative and competitive game-changing moves (Brandenburger & Nalebuff, 1996) that internally adapt and reinvent the organisation to deal with fast-paced change within the context of an emergent and fluid strategic process (Brown & Eisenhardt, 1998). Interestingly, while Prahalad and Hamel's core competence theory of 1990 sees success as being about long-term dominance, Entrepreneurial Confluence as confirmed by the qualitative findings is not necessarily driven by the need for long-term dominance, but more a series of short-term gains that then translate into long-term growth.

This research offers a unified conceptual paradigm of entrepreneurial strategy that is insightful and applicable to the complex nature of business today (Al-Debei & Avison, 2010), as are the ones above against which it is listed in Table 5.2.

5.3.5.3 Entrepreneurial Confluence Growth Strategy Solution

The research, inter alia, delivers a consulting solution to help prospective client organisations grow through the application of Entrepreneurial Confluence.

Key intervention tools are the Entrepreneurial Confluence Measuring Instrument, the Entrepreneurial Confluence Strategy Matrix, the Entrepreneurial Confluence Typology, the Entrepreneurial Confluence Continuum, and the Wheel of Becoming Entrepreneurially Confluent or Entrepreneurial Confluence Profile. Additionally, the river confluence metaphor provides a way of simplifying and understanding the unified paradigm.

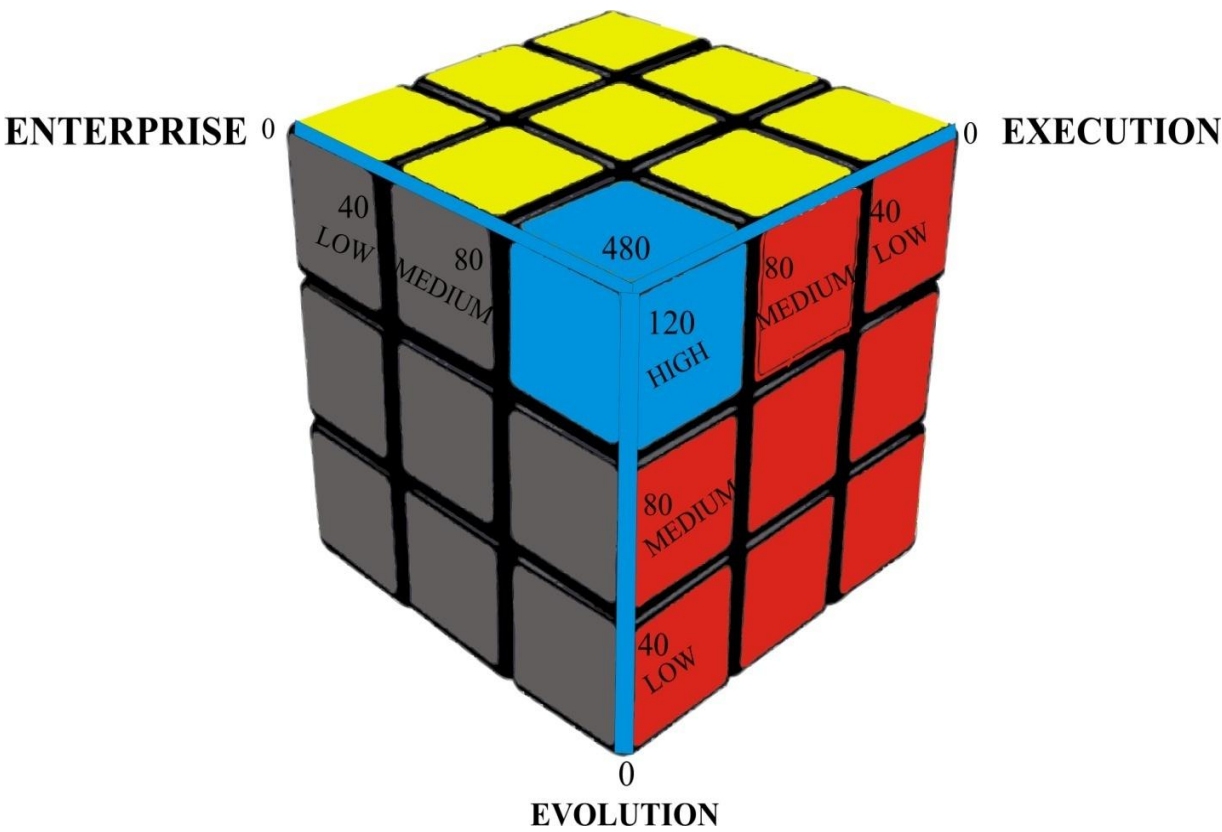
5.3.5.4 Strategy Lexicon

The researcher introduces a new concept into the strategy lexicon of the Entrepreneurial Confluence, and its antonym, entrepreneurial diffluence, within this emerging paradigm of entrepreneurial strategy.

5.4 RECOMMENDATIONS

5.4.1 Entrepreneurial Confluence Strategy Matrix

The ultimate contribution of the research is the development of a weighted multi-dimensional approach to the measurement of Entrepreneurial Confluence through a 3 x 3 strategy matrix cube.



Source: Researcher’s own compilation, 2016

In the next section 5.4.2, the directions for future research are discussed.

5.4.2 Directions for Future Research

5.4.2.1 Entrepreneurial Leadership Talent

Entrepreneurship is viewed as a leadership phenomenon (Schumpeter, 1949). However, some of the questions at the intersection of strategic leadership and entrepreneurship remain under-explored in research (Simsek, Jansen, Minichilli & Escriba-Esteve, 2015). The nature and function of entrepreneurial leadership is little understood when, because of the turbulent and competitive environment, a more entrepreneurial leadership style is required (Gupta, MacMillan & Gurie, 2004). Greenberg, McKone-Sweet and Wilson (2013) believe that organisations have entered a world in which current business problems are different from those of the past. Entrepreneurial leadership (Greenberg et al., 2013) may be required to create new opportunity for growth in the absence of a template for reference.

The corporate entrepreneurship (CE) area has enormous potential for a firm's leadership in an increasingly competitive, dynamic and uncertain environment (Holt, Rutherford & Clohessy, 2007). It seems that CE is an antidote rather than an oxymoron, as so eloquently predicted by Thornberry (2003). The aspect of entrepreneurship as a function of leadership has not been widely addressed in the literature.

In the inexorably turbulent and competitive business environment, entrepreneurial leadership is required. Entrepreneurial leadership is characterised as that which creates a visionary and mobilises stakeholders towards the generation of strategic value (Gupta et al., 2004).

Today, businesses are under increasing pressure to adapt to new technologies and respond to external threats, such that employee resourcefulness and creativity are becoming important issues (Williams, 2001). According to Hamel (2009), leaders must create enabling environments for employees to collaborate and innovate. This may require transformational leadership of an entrepreneurial sort. This relationship between entrepreneurship and general leadership is complex.

Given the qualitative comments discussed in Chapter 4, the nature and function of entrepreneurial leadership, its causes and effects, including embracing innovation, taking

risks, leveraging networks and pursuing a growth strategy (Mazarol et al., 2014) therefore constitute a very important subject for further investigation.

5.4.2.2 Entrepreneurial Value Creation

Researchers need to examine the procedures by which entrepreneurial conduct improves the competitive position and performance of organisations, given the challenges confronted by all firms (Dess et al., 1997). Despite the developing acknowledgement and utilisations of corporate entrepreneurship, minimal empirical research has been carried out on its potential relationship with the financial performance of companies (Zahra, 2001).

In 1803, Jean-Baptiste Say said that an entrepreneur increases the return from economic resources or means of production. Economic Value Added (EVA) measures the incremental value created on an investment, and measures the distinction between the return on a company's capital and the cost of that capital (Young & O'Bryne, 2001).

One of the researcher's qualitative research interview participants, the SF51 Director, made the statement that "There is no evidence that creation of value is in the domain of entrepreneurial teams only". However, this leads to the following research question:

Do the entrepreneurial firms create economic value? This remains an interesting study to pursue.

5.4.2.3 Normality of a Broader Sample

Section 4.10 indicated the limitations of the research undertaken. Section 4.5.2 discussed the asymmetrical (skewed to the right and leptokurtic) nature of the realised frequency distribution curve.

Further research may look at whether a different sample with the following characteristics could reveal a more conventional and expected symmetrical bell curve, a more extremely skewed and peaked-shaped or, indeed, an asymmetrical curve (skewed to the left) that is indicative of entrepreneurial diffluence as opposed to confluence:

- Random
- Large and small firms as units of analysis

- Young and mature firms
- Firms from other countries
- Entrepreneurial leaders as units of observation who are diverse beyond being white, male, middle-aged and educated.

5.4.2.4 Development of Entrepreneurial Confluence Measuring Instrument

Section 5.3.5.3 above revealed the Entrepreneurial Confluence Measuring Instrument (ECMI) as one of the new, self-tailored instruments underlying the Entrepreneurial Confluence strategy paradigm, as well as the Entrepreneurial Confluence Strategy Matrix and its related typologies. However, while the ECMI met the acceptability levels for reliability and validity, its rigour and robustness for general use will need to be developed before:

- The confirmatory factor analysis that precedes the exploratory factor analysis done in Section 4.2.2.4
- Its application to a broader sample, as proposed in Section 5.4.2.3 above
- Its potential use for psychometric purposes, as detailed in Section 4.9.2

The further investment of time and financial resources can lead to its introduction as a valuable tool in entrepreneurial business development.

5.4.2.5 Limitations

As discussed in Section 4.10 above, limitations of the current research were that the sample is purposive, and that the respondents are leaders of large public-listed South African firms, who fit a demographic profile. A random, more diverse sample might deliver different results.

5.4.3 Relevance of Study

Entrepreneurship is an increasingly important growth strategy for firms under pressure from the dynamics of globalisation (Bhardwaj & Momaya, 2007). CEOs of all types of firms, such as the respondents to this research study, are mandated to pursue growth opportunities (Elbert, 2008).

However, many small and new entrepreneurial ventures fail because the owners cannot manage the growth over the lifecycle of these ventures. The management of growth is quite often ignored in business management (Niemann & Pretorius, 2004).

Business leaders, faced with global competition, slow recessionary growth, customer empowerment and product commoditisation, see entrepreneurialism and innovation as the key to sustainable advantage and value growth. Policy-makers also see entrepreneurship as a possible cure for the growing unemployment ills in most countries, albeit with limited ideas as to the how.

Makura (2010) maintains that South Africa needs more visionaries to create businesses that will lead to more jobs and more wealth. This thesis provides a framework for learning and understanding the critical and integrated processes that should drive the spirit of strategic entrepreneurship, the practice of innovation, and the process of growth and value creation inside corporations today.

5.5 CONCLUSION

The biggest contribution to the existing body of research is in providing an updated and unifying framework that enhances understanding of entrepreneurial strategy, integrates and addresses the puzzle of growth and its relationship with entrepreneurial behaviour. One of South Africa's most respected entrepreneurs, Brian Joffe, the founder of one of its biggest global companies Bidvest Group, has said that if as a business you do not have the ambition to grow or you stop growing, you are going backwards and need to quit (England, 2014).

The river metaphor is a powerful way of creating a better understanding of the entrepreneurial growth strategy. The direct outcome of the research is a new and innovative 3 x 3 entrepreneurial growth strategy matrix which redefines entrepreneurial strategy, and has practical application for entrepreneurial leaders in SMEs and large corporates alike in reducing start-up mortality and in delivering enduring value growth as demanded by stakeholders.

The Entrepreneurial Confluence paradigm of entrepreneurial strategy assumes that the entrepreneur is the main protagonist of firm growth, who achieves enduring entrepreneurial advantage and the economic rents derived therefore, through Enterprise, Evolution and Execution as core behaviour streams of an entrepreneurially-confluent growth strategy. The paradigm of entrepreneurial strategy is significant in the context of that process and has a place in the persistent gale of creative destruction (Schumpeter, 1950), both externally and inside the firm, to create enduring growth.

Entrepreneurial Confluence is what is inside entrepreneurial and high-growth firms, which can promote or constrain growth, depending on whether and how well it is managed.

The 'fundamental impulse that sets and keeps the capitalist engine in motion' (Schumpeter, 1942) is the innovative entrepreneur. The elemental driver of the growth of entrepreneurial firms is Entrepreneurial Confluence.

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APPENDICES

APPENDIX 1: QUALITATIVE FINDINGS COMMENTS

1. **Entrepreneurs are individuals who take the risk of creating something new and different, and profit through such innovation.**

(94%) - Agree (55%) and Strongly Agree (39%)

'SF42's history and the legacies it has created all originate out of an entrepreneurial environment which includes the various businesses which it has acquired during its lifetime (60 years this year). This in part has been at the heart of its success and steady growth even in flat markets, that ability to acquire businesses with likeminded "spirit".' – DIRECTOR SF42

'However, it is not always about money' – CEO SF24

'Not individual risk relating to cash i.e. in venture capital and private equity models' – CEO R1

'At R1 we use a "freedom within a framework" concept i.e. you need the freedom to explore new ideas within a framework to manage the risk' – CEO R1

'It is not always about new and innovative. You can refine an existing offering or just do it better' – CEO SFP

'Risk-taking is an important element of entrepreneurship. Profit may not come instantly, but if done well comes in the long run' – CEO A3

'They don't necessarily need to create something new and different. Sometimes they take/copy existing ideas and improve on them' – CEO SF21A

'However, I do not believe that profit is the motivation' – DIRECTOR SF11

'True, but some entrepreneurs profit from very old-established businesses as well' – CEO SF3

'Some entrepreneurs are not driven by a profit motive i.e. social' – CEO R10

'Entrepreneurs within the organisation are always looking for new ways to influence the bottom line' – DIRECTOR SF30

'Strongly agree e.g. we pioneered the select service hotel market in SA' – CEO SF65

'Newly-created products ensured our success' – CEO R8

‘Development of the Value in Use at R5 is a good example’ – CEO R5

‘A2 is such an organisation and the individuals like me who were the pioneers have grown with it, though making a difference in many ways’ – CEO A2

‘Generally, they venture into spheres that may have never been explored before. Or they perfect their journey so they become competitive’ – CEO R3

‘Not necessarily something new’ – DIRECTOR R12

‘Entrepreneurs are a rare special breed who, although they gather people/companies around, use at the end their skills and look for their gain’ – CEO SF15

‘Risk is an important factor in identifying an entrepreneur – with the high rate of failure involved in entrepreneurship, the individual must be willing to accept the high possibility that they will fail, for the small chance that they will “win big”’ – DIRECTOR SF13

2. Innovative entrepreneurs can create significant growth and value for stakeholders.

(95%) - Agree (37%) and Strongly Agree (58%)

‘They can indeed, but this needs to be balanced with the risk profile they generally create, particularly as a company begins to corporatise, as in SF42’s case. There is a fine balance, not to become too corporate and allow enough space for the entrepreneur to flourish but have enough structure in place to manage the risk.’ – DIRECTOR SF42

‘Innovative equals entrepreneurial’ – CEO SFP

‘Yes. We (A3) have grown from a technically insolvent institution to 3rd largest company by market capitalisation on NSE, with over a billion dollars in the last five years’ – CEO A3

‘True innovation should and can drive significant value. If it redefines how we do things or how things are seen’ – DIRECTOR SF62

‘Yes, but they can also fail and do the opposite’ – CEO SF3

‘All entrepreneurs are by definition, innovative’ – CEO SF50

‘In our industry, without innovation you would significantly impact our market position and bottom line, therefore innovation is key to our business’ – DIRECTOR SF30

‘Strongly agree e.g. the company has achieved growth over the past 27 years each year’ – CEO SF65

‘Our group was founded on this basis’ – CEO R8

‘VIU resulted in increased lump premiums and better customer loyalty’ – CEO R5

‘Each organisation irrespective of age has to reinvent itself to remain competitive and relevant. Innovative entrepreneurs come in here’ – CEO R3

‘All entrepreneurs are innovative and see full opportunity in what they perceive an organisation to be in the future, which is always bigger and better’ – CEO SF15

‘Successful entrepreneurs are able to tap into markets that previously did not exist. This first-mover advantage creates the potential for rapid growth and profits’ – DIRECTOR SF13

3. Entrepreneurship aims at leadership and dominance in existing and new markets or industries.

(45%) - Agree (42%) and Strongly Agree (3%)

‘It does, but perhaps more importantly is the identification of new markets, or a different spin on an existing market to gain a competitive advantage – with entrepreneurs, it is never more of the same but more of the same differently. It’s that, that gives the edge – exploring opportunities in other markets with a different mindset. This has been some of the success to underpin SF42’s application of thinking from one market into another. Accompanied by a “can do attitude”.’ – DIRECTOR SF42

‘Sometimes not - some companies occupy a niche’ – CEO R1

‘Not all entrepreneurs want or enjoy being big. Some become serial entrepreneurs precisely because what they have founded has become too big or dominant’ – CEO SFP

‘Market dominance can be one or several markets based on the company’s focus and business model. In our case, we have dominance in Kenya, but have not yet dominated the rest of the region, though this is the target in the next few years’ – CEO A3

‘Often niche rather than redefining’ – DIRECTOR SF62

‘Not dominance, but rather a new way of doing things’ – DIRECTOR SF11

‘Don’t think leadership is an absolute requirement’ – CEO SF3

‘Sometimes, but not always true’ – CEO SF50

‘Absolutely. The more market share you have and can acquire, the more you can impact your presence and bottom line’ – DIRECTOR SF30

‘Agree i.e. seeing a gap in the market and filling it’ – CEO SF65

‘Entrepreneurs look for a “gap”, which is not necessarily dominance’ – CEO R7

'Leadership is obviously important, but dominance is not necessarily the outcome' – CEO R5

'However, it may also aim to create special niches for various products. That is where they lead and dominate' – CEO R3

'Niche area opportunity rather than leadership and dominance' – CEO SF10

'They don't aim at leadership and especially not dominance' – CEO SF12

'It can, but does not have to' – DIRECTOR SF47

'Entrepreneurs don't worry too much about dominance. However, they see great wealth in human capital' – CEO SF15

'Entrepreneurship can take place in any market – new or existing - although it is often more difficult (although not necessarily less profitable) to establish in an existing market' – DIRECTOR SF13

4. Entrepreneurship is mainly a small business or new venture phenomenon, as it is a well-known fact that 'big businesses do not innovate'.

34% - Agree 21% Strongly Agree 13%

'It does not have to be a small business or new venture and can equally exist in a "big business", provided the organisation retains an appetite for it. SF42 has become big, but still innovates and looks for new opportunities or tapping synergies across the whole to derive a new market or entrance to a new market. I would question whether there is empirical data to suggest that big business does not innovate.' – DIRECTOR SF42

'Some big businesses do innovate! For example, RMB and the insurance sector in South Africa. Apple and Samsung are global businesses and their business is about innovation' – CEO SF24

'Apple is the largest company in the world by market capitalisation and they are arguably among the most innovative' – CEO SFP

'Any business can innovate, regardless of size. However, sometimes big businesses get to the comfort zone and fail to innovate and some get into trouble e.g. Kodak and Sony' – CEO A3

'Disagree, as more business value in SF62' – DIRECTOR SF62

'Big businesses can and do innovate. However, it is often difficult for big business to sustain an innovation culture' – CEO SF21A

'Big business HAS to constantly innovate to retain its standing' – DIRECTOR SF11

‘That is the traditional view. However, I believe it’s industry-specific. In technology, you have to continually innovate or else you lose relevance’ – DIRECTOR SF30

‘While obviously not true in all instances, it does seem that larger organisations become more bureaucratic and therefore innovation becomes more complex. Or perhaps it's that innovation has to be carefully nurtured and given space within the larger organisation’ – CEO R4

‘That is where it starts, but can continue into a big business’ – CEO SF65

‘Not true, as many of our investments innovate’ – CEO R8

‘There is always room for innovation, no matter the size of the business’ – CEO R5

‘Big businesses who want to remain relevant to the market, who want to grow and not wither and die, need to innovate’ – CEO A2

‘All businesses need to innovate, otherwise they remain irrelevant and will die. Technology and new ideas give businesses the edge’ – CEO R3

‘Largely correct. However, it depends on the leadership and is not true for all businesses’ – CEO SF10

‘Big businesses often take significant entrepreneurial actions’ – DIRECTOR SF12

‘Business that does not innovate dies’ – DIRECTOR SF47

‘Entrepreneurship is both big and small. Big does not mean no innovation and entrepreneurs are not only small. Ask Richard Branson or Brian Joffe’ – CEO SF15

‘It is certainly more difficult to promote entrepreneurship in a big business; however, if done correctly, big businesses can offer tremendous resources to provide a springboard for would-be entrepreneurs’ – DIRECTOR SF13

5. There is a major difference between the growth and performance of entrepreneurial and innovative companies and other types of companies.

63% - Agree (39%) and Strongly Agree (24%)

‘The answer in my view is both yes and no. While entrepreneurial companies may initially grow quickly, sustainability becomes an issue, while larger organisations that are entrepreneurial may have somewhat slower growth, but they can handle fluctuations in the market and are thus more sustainable. This is certainly what one sees within SF42’ – DIRECTOR SF42

‘Entrepreneurial companies tend to be more volatile, while other companies are more stable’
– CEO SFP

‘Yes because innovation reduces cost, improves services or introduces products that are relevant to the market. We have innovated around the business model, but also are constantly revolutionising delivery to increase reach to customers and enhance convenience’ – CEO A3

‘Yes, especially in the long term’ – DIRECTOR SF62

‘Innovative companies must tolerate failure which sometimes can lead to losses’ – CEO SF21A

‘There are other factors involved, such as underlying market dynamics’ – CEO SF3

‘True and not always better!’ – CEO SF50

‘I believe that it is dependent on the industry and your customer base’ – DIRECTOR SF30

‘To the extent that innovation is about anticipating new opportunities and being "ahead of the curve" or ahead of the change that is coming, then I would agree that this is true. That said, not all innovation or entrepreneurship is necessarily successful or even desirable (some would argue that elements of financial innovation heading up to the financial crisis had disastrous consequences). I would perhaps conclude that those companies that are sustainable in the long run are those that are able to innovate’ – CEO R4

‘These (entrepreneurial and innovative) companies are always striving to be and do better’ – CEO SF65

‘Answer depends on many factors e.g. entrepreneurial companies might over-reach’ – CEO R8

‘Whilst I agree, I think growth can also be generated by other factors besides entrepreneurship and innovation’ – CEO R5

‘Nike and Bidvest are good examples’ – CEO SF31

‘Companies can grow and add little value in the process. They can grow and be innovative and lead while adding value’ – CEO R3

‘Important and should form a part’ – CEO SF10

‘Some companies live and survive off their size and will always prosper. However, entrepreneurial companies outstrip these companies that lack entrepreneurship and innovation’ – CEO SF15

‘Entrepreneurial companies can move quickly to take advantage of new opportunities that deliver superior growth’ – DIRECTOR SF13

6. Entrepreneurial activity is a natural and integral part of the strategic behaviour and growth process in large established firms.

21% - Agree (16%) and Strongly Agree (5%)

‘Whether it is or is not is rather a product of the leadership and external stakeholders – it is something that entrepreneurial organisations would consciously do’ – DIRECTOR SF42

‘Not necessarily. Only those that know how to reinvent themselves’ – CEO SFP

‘Every company must not only make it a part of its strategy, but also its culture. Innovation is ingrained in our core values’ – CEO A3

‘Depends on the amount of competition’ – DIRECTOR SF62

‘Most large and established firms do not necessarily engage in entrepreneurial activity’ – CEO SF21A

‘Not necessarily - structure is more important to sustain rather than entrepreneurial activity’ – DIRECTOR SF11

‘I disagree because I believe it is an inherent leadership style and if the leader doesn't have a vision or style like that, it affects the nature of activity’ – DIRECTOR SF30

‘I don't know that it is necessarily natural, but given the current pace of change, I think it must be integral’ – CEO R4

‘I disagree, as it is far more difficult to achieve in a large established firm’ – CEO S65

‘Not always the case’ – CEO R8

‘Only to a limited degree. Tried and tested methods can sometimes stifle this’ – CEO R5

‘Pick ’n Pay lost its entrepreneurial flair against Shoprite which is growing by being entrepreneurial’ – CEO SF31

‘It should be, but is not always the case’ – CEO SF15

‘Entrepreneurship generally does not occur naturally in large firms. It should, however, be an integral part of any firm's strategic behaviour’ – DIRECTOR SF13

7. Strategic management of entrepreneurial activities constitutes a real challenge for corporate management.

66% - Agree (50%) and Strongly Agree (16%)

‘It is a challenge, but at a corporate level it becomes one of the many competing complexities and challenges that need to be managed’ – DIRECTOR SF42

‘Yes. Very often it is not anybody's specific portfolio to be entrepreneurial, especially in companies where the founder/owner is no longer part of management’ – CEO SFP

‘This can be managed by a strong teamwork culture where all team members understand the goals and work towards their achievement’ – CEO A3

‘Big businesses can and do innovate. However, it is often difficult for big business to sustain an innovation culture’ – CEO SF21A

‘The very nature of an entrepreneurial spirit means that strategy is frowned upon and the modus operandi is “in the moment” rather than a strategic eye/focus’ – DIRECTOR SF30

‘In our context, we face the challenge of being a regulator in addition to a for-profit entity and operating in a highly-regulated environment. There is therefore some balancing act that needs to be found between outright innovation with no controls and some degree of oversight of what is done. It's not an insurmountable challenge, but it does require some careful thinking’ – CEO R4

‘It can be challenging, but if managed correctly, can be rewarding’ – CEO SF65

‘It depends whether corporate management is in itself entrepreneurial’ – CEO R7

‘On the one hand, one wishes to encourage this, but on the other you do not want people chasing airy-fairy ideas’ – CEO R5

‘Corporate managers do not adopt change fast’ – CEO SF31

‘Need a focused core team to handle such an activity. Can be very challenging’ – CEO A2

‘Without strategic management of activities, a business becomes boring and pedestrian’ – CEO R3

‘(However), businesses must also do boring well to sustain success’ – CEO SF10

‘Sure, corporate management is often afraid of entrepreneurship and looks to stifle it’ – CEO SF15

‘Making entrepreneurship a strategic part of a big business requires significant commitment from management and is often difficult to closely supervise, as it requires a certain amount of flexibility’ – DIRECTOR SF13

8. The entrepreneur does not necessarily have to be a single person; the entrepreneurial function can be filled cooperatively by a team, department, division or whole organisation.

68% - Agree (50%) and Strongly Agree (18%)

‘While there could be a team supporting the person and who share the vision and assist with the execution and enjoy working in a fast-paced environment, you generally tend to find that the “spark”, that entrepreneurial spirit, resides in only a few individuals. In my view and certainly from the assessments we do at a senior level, it has a lot to do with the levels at which one is comfortable performing – it is that combination of intellect (and levels of work) and personality’ – DIRECTOR SF42.

‘I agree, (as) even big companies can foster and encourage an entrepreneurial culture’ – CEO SF24

‘How do you foster a culture of creativity and entrepreneurship? – CEO SF17

‘How does a nation become more productive?’ – CEO SF17

‘Yes, but it still must be managed, nurtured and coordinated’ – CEO SFP

‘The team approach makes more sense, especially in view of the need for succession planning. If it is too individual- focused, there is a danger of lack of sustainability’ – CEO A3

‘Especially in large firms’ – CEO SF21A

‘Yes, teams can be entrepreneurial’ – CEO SF3

‘I believe that there is a spirit that gets created by the executive team and permeates into the organisation, but without strong leadership it ceases to exist’ – DIRECTOR SF30

‘Ideally you would like everyone in the organisation to have an entrepreneurial and innovative mindset’ – CEO R4

‘I disagree. The driving force is always centred on no more than 3 people’ – DIRECTOR SF51

‘It starts with the idea of a single person, but the function can be filled cooperatively thereafter’ – CEO SF65

‘Teams, departments etc. need a leader to drive the process’ – CEO R8

*‘By and large entrepreneurs are individuals. However, they can impart the vision to the team’
– CEO R8*

‘It also does not need to be an identifiable team or department. It can be different teams doing different things’ – CEO R5

‘At SF31 we started being three and have grown by bringing in other entrepreneurs’ – CEO SF31

‘While all people may not be the same for co-operation purposes and the creation of common and single purpose, this is required’ – CEO R3

‘However, the top person needs to be an entrepreneur – entrepreneurs under bureaucrats does not work’ – CEO SF15

‘While it is important that a team, department, division or organisation cooperates to produce an entrepreneurial environment, very often the most important factor is a highly-driven entrepreneur to provide the entrepreneurial vision and direction for the group’ – DIRECTOR SF13

9. Business performance depends on the strategies and competitive tactics of entrepreneurial leaders and their teams in both domestic and international markets.

71% - Agree (42%) and Strongly Agree (29%)

‘Business performance is dependent on so many variables – undoubtedly having entrepreneurial leaders is just as important as having solid leaders who can bed down “chaos” created by entrepreneurs and make it work. My experience is that entrepreneurs can do as much damage as they can create advantage and the difference lies in the quality of execution, which is not normally by the entrepreneur who is triggered by different stimuli. They tend to be big picture thinkers not concerned with the detail –it is the concept, their being able to see an opportunity by the way they process information. Detail is generally left to others.’ – DIRECTOR SF42

‘Not necessarily. Me too - strategies also work if executed well’ – CEO SFP

‘Our competitive advantage is created along customer focus. If a business remains focused on the customer, it will perform well’ – CEO A3

‘However, business performance depends on other issues as well’ – CEO SF21A

‘Not always’ – CEO SF50

‘I firmly believe this. However, there needs to be a balance between the strategic and operational view. Our leaders are often impulsive and spend little time on reflection which could enhance the business further’ – DIRECTOR SF30

‘Markets are increasingly globalised and the pace of change is dramatic. If you are not thinking about how to position your company for the future, then you are not likely to survive. Agility seems to be a critical part of this - recognising when what you have tried hasn't worked and moving on to the next thing’ – CEO R4

‘Strategic alignment is an important factor’ – CEO SF65

‘Again, entrepreneurial flair is not the only ingredient of business performance’ – CEO R5

‘Also need management discipline’ – CEO SF31

‘Other businesses may just be satisfied with the status quo. They may prefer doing things the old way, if they are monopolistic in nature’ – CEO R3

‘Agree, but other factors contribute’ – DIRECTOR SF36

‘Strategies and tactics are only a (sometimes small) part of business performance’ – DIRECTOR SF12

‘100%. It is wrong to believe entrepreneurs don't use strategic thought and watch the opposition - but only as a tool for success. They are independent in their actions and do not follow the actions of the opposition’ – CEO SF15

‘Entrepreneurial tactics and strategies are generally quite high risk/reward and therefore have the potential to have a significant effect on business performance’ – DIRECTOR SF13

10. Globalisation is both an opportunity and a threat. Faced with global competition, entrepreneurship and innovation are key to sustainable advantage and value creation.

84% - Agree (45%) and Strongly Agree (39%)

‘The comment in 9 above is applicable here. Not necessarily key to – many entrepreneurs don't have sufficient knowledge or resources to work globally and have been successful in only a local context. The synergy between big business and entrepreneurs creates the opportunity for capitalising on global opportunities’ . – DIRECTOR SF42

‘That is only one aspect. There is a lot more to creating sustainable advantage than just entrepreneurship and innovation e.g. operational efficiencies’ – CEO SFP

‘We look at globalisation as an opportunity to grow to new markets. The threat is that sometimes what happens in this space sometimes affects our business, yet we have little control over it e.g. high fuel prices, euro crisis etc.’ – CEO A3

‘Competitive change is both an opportunity and a threat. Faced with any competition, entrepreneurship and innovation are key to sustainable advantage and value creation’ – CEO SF50

‘In the SME space there is a lot of competition at a global level, but South Africa SF30 has the large part of market share due to the global expertise we tap into’ – DIRECTOR SF30

‘Competitors are quick to copy innovation and the advantage is lessened’ – CEO SF65

‘One must do this to thrive in a competitive environment’ – CEO R5

‘Entrepreneurs see opportunity where others see problems’ – CEO SF31

‘Without innovation, technology and entrepreneurship businesses cannot compete effectively. Quality of product and cost pressures require such in a business’ – CEO R3

‘Absolutely! Globalisation is a big opportunity and entrepreneurs love it’ – CEO SF15

‘Globalisation has significantly reduced geography as a barrier to entry for global competition, but has also made it easier to expand internationally. Nowadays, entrepreneurs need to be aware and learn from global trends, while still being able to innovate on top of these trends’ – DIRECTOR SF13

11. Entrepreneurship is an important growth strategy for the competitiveness of organisations as they face the dynamics of ever-shifting competitive landscapes and fast-paced change.

74% - Agree (42%) and Strongly Agree (32%)

‘Everything set out above would be applicable here. I am not entirely convinced that it is the entrepreneur solely that creates the growth in rapidly-changing environments – it may help. A well-structured organisation which has learnt to manage change could do this equally well, as evidenced by some of the mining houses which are mature businesses yet continue to grow revenue and profits’ – DIRECTOR SF42

'It depends on the industry and on specific circumstances. Regulated monopolies and other protected industries survive without significant entrepreneurship' – CEO SFP

'Competition is coming sometimes from non-traditional quarters, hence the need to be always on the lookout for substitutes that may eat into the market share' – CEO A3

'You have to stay ahead of the game' – CEO SF3

'Absolutely. There needs to be a lens that extends beyond the ordinary to grow the business' – DIRECTOR SF30

'I disagree - entrepreneurship cannot be the only lever to determine competitiveness. It is several factors, including agility and speed of execution etc. in combination, that determine outcome. One must have repeatable models of success' – DIRECTOR SF51

'If you are not continually innovating, you will get swamped by competitors' – CEO SF65

'Agreed' – CEO R5

'Entrepreneurship is a trait and not a strategy, in my view' – CEO A1

'Innovate and be enterprising = you will succeed. Status quo will relegate you to a scrapheap' – CEO R3

'The world is changing so quickly these days that one often has to move more quickly than in the past' – CEO SF15

'Entrepreneurship aims to avoid competition through innovation. By out-innovating competition, businesses can avoid profit margin pressures associated with a competitive market' – DIRECTOR SF13

12. Entrepreneurial strategy involves both the creation of organisations as well as their growth through new economic activity.

79% - Agree (61%) and Strongly Agree (18%)

'Undoubtedly, an entrepreneurial strategy can create an organisation, but I would argue against that being the only criterion. I have known incredibly innovative individuals who are not at all entrepreneurial and entrepreneurs who have failed – in my view, there is a blend and what most companies struggle with is finding and maintaining that blend'. – DIRECTOR SF42

'Sometimes it's about doing the same things differently in the same organisation' – CEO SFP

‘Yes, but it could also involve turning around a poorly-performing, already-existing entity like in our case’ – CEO A3

‘It can also involve continuous improvements of processes and systems which improve efficiencies and/or reduce costs’ – CEO SF21A

‘That is the SF30 strategy. It has sustained its market position through the engagement of an entrepreneurial strategy’ – DIRECTOR SF30

‘Identification of new opportunities, whether in the form of new products and services or new ways of delivering those products and services, should be a constant part of any organisation’ – CEO R4

‘There must be a focused strategy’ – CEO SF65

‘This can be just for survival as much as it can be for growth. It can be for maintenance of the organisation too’ – CEO R5

‘Same as in 11 above, I have problems with the concept of entrepreneurial strategy’ – CEO A1

‘Yes e.g. Foodcorp was bought at R3b turnover (EBITDA R100M) and sold at R7B (EBITDA R900M)’ – CEO SF31

‘Old economic activity could also be improved and enhanced for it to make an impact’ – CEO R3

‘Not necessarily (only) the creation of organisations’ – DIRECTOR SF12

‘Entrepreneurs are happy to start from a zero base’ – CEO SF15

‘It is important that entrepreneurial principles be instilled in the operations of an organisation, as well as in decisions made during business’ - DIRECTOR SF13

13. Entrepreneurial behaviour enhances a firm’s competitive position and performance.

76% - Agree (50%) and Strongly Agree (26%)

‘As set out above’. – DIRECTOR SF42

‘Some entrepreneurial behaviour can be destructive’ – CEO R10

‘Without the foresight and the vision that most entrepreneurs have, companies can stagnate.

And there is value in having leaders and strategy that pushes boundaries’ – DIRECTOR SF30

'In large firms, this must still be checked for appropriateness' – DIRECTOR SF51

'If correctly focused' – CEO SF65

'Gives one the opportunity to re-evaluate and implement improvements' – CEO R5

'They change the game of doing business for the better' – CEO SF31

'However, you need also to focus on processes and systems to institutionalise for continuous competitive positioning and performance' – CEO A2

'There are times, though, when great upheavals in an organisation cause confusion and therefore affect and impact on performance' – CEO R3

'Not always – it can also damage or destroy the firm' – CEO SF12

'Fast-moving businesses are at the front and entrepreneurs lead from the front' – CEO SF15

'Entrepreneurial behaviour allows a firm to respond faster to competitive threats, as well as enabling them to innovate themselves into a position of less competition' – DIRECTOR SF13

14. The more challenging the firm's environments, the greater the need to be entrepreneurial.

64% - Agree (32%) and Strongly Agree (32%)

'Once again not necessarily – it is the blend of skills needed. Given the evolution of the company and the markets they seek to penetrate, it will depend on whether the weighting is towards the entrepreneur or not'. – DIRECTOR SF42

'I agree. However, sometimes it's necessary to fix your business and concentrate on the operations and see to the nuts and bolts of your business' – CEO SF24

'When faced with a very challenging competitive environment, the best strategy is Blue Ocean. We changed the rules of the game and created new customer segments instead of fighting for the same few customers that were already in the hands of the stronger players in the market. This seems to have worked'. – CEO A3

'Should be entrepreneurial, regardless' – CEO SF3

'Strategy, structure and people are essential' – CEO R10

'I would say that the more challenging the industry and the changing/pace of the change in technology, things shift all the time' – DIRECTOR SF30

'But being entrepreneurial shouldn't come at the expense of getting the basics right. You have to deliver the core proposition of who you are and what you do well, otherwise innovation

doesn't really matter. In our case, we can list as many new products as we like, but if our trading system doesn't work, it doesn't matter' – CEO R4

'Gets people thinking out of the box' – CEO SF65

'Innovation and entrepreneurial behaviour should not be confused' – CEO R8

'Probably the greater the need to be innovative rather than entrepreneurial' – CEO R5

'To remain relevant and ahead of the pack in any environment, being entrepreneurial is key'
– CEO R3

'Depends on the environment' – DIRECTOR SF47

'Difficult situations require innovative and quick calculated decisions' – CEO SF15

'Entrepreneurship enables a business to deal more capably with challenging environments by creating more opportunities through innovation and the ability to move quickly' –
DIRECTOR SF13

15. Entrepreneurship and innovation promote a company's growth and can constrain its growth if it not cultivated and managed.

79% - Agree (63%) and Strongly Agree (16%)

'In essence, yes, with the caveats set out above. What is perhaps worse is where one has entrepreneurs within a business, but then do not harness them or recognise this – such individuals can become destructive and will generally leave and one will have lost the opportunity to tap into that resource' – DIRECTOR SF42

'There are a lot of other factors as well. Entrepreneurship and innovation are not the be-all and end-all of company performance and growth' – CEO SFP

'As the company grows bigger, the same becomes more complex and requires more stringent risk management practices to manage. We have continued to build capacity both in people and systems at all stages of the development to mitigate this' – CEO A3

'I believe that there should be a balance between the visionaries, operations and structure. If there is no point of pausing and reflecting, this can harm a business' – DIRECTOR SF30

'Innovation is more important than entrepreneurship' – CEO R8

'It's also necessary to survive and not just for growth' – CEO R5

'Entrepreneurship may also assist the company to be smaller where necessary and through that process add value. Growth in volume may not be equal to growth in value' – CEO R3

‘Many a company slows down on a change to a less entrepreneurial culture and/or top person’ – CEO SF15

‘Innovation is key to a company’s growth. Without it, companies are at a heightened risk from competition, changing market demands and economic fluctuations’ – DIRECTOR SF13

16. A business requires entrepreneurial skills over the whole of its existence, and not just when starting out.

87% - Agree (50%) and Strongly Agree (37%)

‘Agree, but the blend or emphasis changes over the life cycle of the organisation’. – DIRECTOR SF42

‘Yes, an assessment of the different skill sets required at different levels of growth is mandatory. Whereas five years ago we were content with local banking skills, as we go out of the region we need people who can manage businesses across different geographical and cultural zones’ – CEO A3

‘The statement is true to the extent that the level of activity lessens or heightens, as required by the business’ – DIRECTOR SF30

‘Disagree, as innovation is what keeps it going’ – CEO SF65

‘It does not stop’ – CEO R5

‘The reason is that entrepreneurs see something and can change the game if things do not work out’ – CEO SF31

‘At every stage of growth, entrepreneurship and innovation is key’ – CEO R3

‘Continuous innovation and entrepreneurship is required – in fact, sometimes more so in the mid-life of a company’ – CEO S15

‘Entrepreneurship is crucial in the beginning stages to establish the business in a profitable and growing market. As the business matures, entrepreneurship may move away from the core offering to seek opportunities to drive growth of business either in new segments or by augmenting the core offering’ – DIRECTOR SF13

17. Leadership teams should be entrepreneurial in approach and responsible for directing resources towards greater performance.

84% - Agree (58%) and Strongly Agree (26%)

‘Leadership teams must obviously direct resources toward greater performance, but I do not believe that they have to necessarily be entrepreneurial for this to happen. The problem with having too many entrepreneurs is that you can end up being pulled in many different directions and the focus is lost. Entrepreneurs by nature follow what is interesting to them – not necessarily in the interests of the strategy. Alternatively, they will interpret a strategy widely to accommodate their interest’. – DIRECTOR SF42

‘However, performance must be sustainable’ – CEO SF24

‘Management should recognise and reward and encourage entrepreneurship. It does not have to be entrepreneurial itself’ – CEO SFP

‘We treat every branch as a business unit with specific targets at different KPIs. Each manager is supposed to manage their unit as if they are CEO of the bank’ – CEO A3

‘Companies need to be constantly improving themselves - seeking improved ways of working and improving our customers’ value proposition i.e. in our culture’ – DIRECTOR SF62

‘However, leaders can also promote the culture of entrepreneurship without necessarily being entrepreneurial themselves’ – CEO SF21A

‘Definition of “performance” requires consideration’ – CEO SF50

‘Creating an entrepreneurial mindset is key to keeping the business going and performing successfully, as it allows for ownership at all levels’ – DIRECTOR SF30

‘There is no evidence that creation of value is in the domain of entrepreneurial teams only’ – DIRECTOR SF51

‘Not easy for leadership teams to be fully entrepreneurial’ – CEO SF65

‘Agreed’ – CEO R5

‘If not entrepreneurial, they hold back the growth’ – CEO SF31

‘Depends on the sector in which it does business e.g. motor car manufacture versus agriculture’ – DIRECTOR SF47

‘Entrepreneurship should be instilled in leadership teams and should extend down the organisation’ – CEO SF15

‘Entrepreneurship by definition, involves an element of risk. This should be balanced out by leadership to manage risk to a suitable level, while still enabling greater performance through entrepreneurship-led growth’ – DIRECTOR SF13

18. Management should have a broad, clearly-communicated vision with a mandate to capture growth opportunities as demanded by capital markets.

63% - Agree (37%) and Strongly Agree (26%)

‘It depends on the objectives of the owners. For a listed company, maybe’ – CEO SFP

‘The most important thing is to have the vision well understood across the whole institution, not just at management level. This is because all staff are responsible for performance, not just managers, and they are customer-facing. The biggest task for the management is clear communication of the vision and mission of the institution to all’ - CEO A3

‘There are different types of businesses, not all of which need to seek growth’ – CEO SF3

‘Management's horizons must extend way beyond those of capital markets’ – CEO R10

‘Depends more on the company's vision rather than capital markets. Good vision finds capital’ – CEO SF50

‘It's a difficult statement to agree with, because it makes sense but it can also be restrictive for a culture which is impulsive by nature’ – DIRECTOR SF30

‘Not only by capital markets, but also by businesses’ own definition of success which may include non-short term goals’ – DIRECTOR SF51

‘A focused, clearly-communicated vision achieves better results’ – CEO SF65

‘Sometimes capital markets are very short-term and this is misdirected’ – CEO SF35

‘Vision + Strategy’ – CEO R5

‘The opportunity of a lifetime exists in the lifetime of the opportunity’ – CEO SF31

‘Capital markets may not always have a vision of where innovators are taking a business and may frown on opportunities. They may only see results later’ – CEO R3

‘Not just as demanded by capital markets. There are other stakeholders as well’ – DIRECTOR SF36

‘Broad and clear contradict’ – DIRECTOR SF47

‘Entrepreneurs always have a vision which must be communicated to the organisation’ - CEO SF15

‘Management should certainly seek to capture growth opportunities where the risk of pursuing these opportunities is acceptable to the business’ – DIRECTOR SF13

19. Companies should have clearly-defined organisational values associated with entrepreneurship and innovation.

66% - Agree (32%) and Strongly Agree (34%)

‘Agree – but this is to ensure that those who are entrepreneurial are offered the opportunity within the strategy or broad vision to operate unfettered’. – DIRECTOR SF42

‘The organisation’s values are what keep it together’ – CEO SF24

‘In our case, creativity and innovation are embedded in core values and all staff are trained thoroughly to internalise’ – CEO A3

‘If you are standing still, you are moving backwards’ – DIRECTOR SF62

‘Depends on the company’s vision. Easy to agree on motherhood and apple pie basis, though’ – CEO SF50

‘We have that in our organisation and it helps to instil an entrepreneurial mindset and foster innovation’ – DIRECTOR SF30

‘Yes, but see point above. It’s not just about innovation. Lots of companies with good ideas fail because they don’t execute them well. Some of it is about delivering on your promises’ – CEO R4

‘Very difficult in practice’ – CEO SF65

‘Not sure that values are necessary to exhibit innovation. However, R5 does have innovation as a value’ – CEO R5

‘Without a good value structure, companies would lose integrity and respect’ – CEO R3

‘Organisational values should not only be associated with entrepreneurship and innovation’ – DIRECTOR SF36

‘Entrepreneurship is hard to define’ – CEO SF15

‘Companies need to establish entrepreneurship and innovation values as a core component of their DNA. These values should be clearly communicated and emphasised frequently’ – DIRECTOR SF13

20. Continuous innovation and the ability to compete proactively in global markets are the key skills that will determine corporate performance in the current and future business environment.

73% - Agree (34%) and Strongly Agree (39%)

'Not all businesses wish to be global. We have very good businesses that do well in a national context' – CEO SF24

'Innovation and entrepreneurship are good and desirable, but they are neither necessary nor sufficient to ensure good performance and growth' – CEO SFP

'You can innovate at the local level, but to ensure proper diversification and expand the market, it is important to compete globally' – CEO A3

'(It is) becoming a smaller and smaller world' – DIRECTOR SF62

'Rather "in line with global standards" if the business is local' – CEO R10

'Not for all companies' – CEO SF50

'In our industry, that is key. We need to stay ahead of the game because we have to make customers feel safe enough to come along with us' – DIRECTOR SF30

'Yes, but see point above. It's not just about innovation. Lots of companies with good ideas fail because they don't execute them well. Some of it is about delivering on your promises' – CEO R4

'Innovation is the key to successful company performance' – CEO SF65

'Innovation is the key to a better future' – CEO R8

'Agreed' – CEO R5

'However, monopolistic tendencies tend to negatively affect that' – CEO R3

'Not the only skills. And competing in global markets not necessarily a prerequisite for corporate performance' – DIRECTOR SF36

'100%. In an ever fast-changing world, there is no time to sit on your laurels' – CEO SF15

'With the rate of change in the global market happening at a tremendous pace, it is imperative that organisations continuously innovate. Today, standing still for just a moment can be the difference between success and failure' – DIRECTOR SF13

APPENDIX 2: EY ENTREPRENEUR OF THE YEAR FINALISTS (JSE-LISTED ONLY)

	Company	Market Capitalisation ZAR Billions	Sector	EY Finalist (1)	FM Top 200 (2)
1	SF1	23.7	Life Insurance	Winner	Yes
2	SF2	1.8	Support Services	Yes	Yes
3	SF3	29.2	General Retailer	Winner	Yes
4	SF4	41.4	General Mining	Winner	Yes
5	SF5	52.8	Support Services	Winner	Yes
6	SF6	16.1	Mobile Telecom	Yes	Yes
7	SF7	0.8	Financial Services	Yes	N/A
8	SF8	15.7	General Retailer	Yes	Yes
9	SF9	4.5	Support Services	Yes	N/A
10	SF10	42	Healthcare	Winner	Yes
11	SF11	34.1	Food & Drug Retailers	Yes	Yes
12	SF12	28.1	Transportation	Winner	Yes
13	SF13	145	Media	Winner	Yes
14	SF14	3.2	Healthcare	Yes	Yes
15	SF15	8.7	Transportation	Yes	Yes
16	SF16	5.3	Mobile Telecoms	Yes	N/A
17	SF17	6.7	Financial Services	Yes	Yes
18	SF18	0.25	Financial Services	Yes	N/A
19	SF19	103	Mobile Telecoms	Yes	N/A
20	SF20	0.18	Construction & Materials	Yes	N/A
21	SF21/SF21A	125.7	Insurance	Winner	Yes
22	SF22	0.99	Software & Computer Services	Yes	Yes
23	SF23	1.2	Software & Computer Services	Yes	Yes

24	SF24	1.5	Equity Investment Instruments	Yes	Yes
25	SF25	1.5	Travel & Leisure	Yes	Yes
26	SF26	0.7	Software & Computer Services	Yes	Yes
27	SF27	1.3	Containers & Packaging	Yes	Yes
28	SF28	11.3	Equity Investment Instruments	Winner	Yes
29	SF29	0.4	Support Services	Yes	Yes
30	SF30	Delisted	Software & Computer Services	Winner	N/A
31	SF31	Delisted	Equity Investment Instruments	Winner	N/A
32	SF32	Delisted	Software & Computer Services	Yes	N/A
33	SF33	Delisted	Healthcare	Yes	N/A
34	SF34	Delisted	Media	Yes	N/A

APPENDIX 3: FINANCIAL MAIL TOP 200 COMPANIES 2010 LIST

	Company	Market Capitalisation ZAR Billions	Sector	EY Finalist (1)	FM Top 200 (2)
35	SFP35	46.5	Financial Services	No	Yes
36	SF36	241.7	Mobile Telecoms	No	Yes
37	SF37	8.5	Industrial Metals & Mining	No	Yes
38	SF38	8.8	Construction & Materials	No	Yes
39	SF39	5.3	Financial Services	No	Yes
40	SF40	12.3	Banks	No	Yes
41	SF41	24.6	General Mining	No	Yes
42	SF42	1.5	Construction & Materials	No	Yes
43	SF43	17.1	Construction & Materials	No	Yes
44	SF44	3	Financial Services	No	Yes
45	SF45	11.6	Travel & Leisure	No	Yes
46	SF46	22.4	Software & Computer Services	No	Yes
47	SF47	56.1	Food & Drug Retailers	No	Yes
48	SF48	13.6	Construction & Materials	No	Yes
49	SF49	2.4	General Retailer	No	Yes
50	SF50	2.5	Genera Retailer	No	Yes
51	SF51	376.5	Beverages	No	Yes
52	SF52	32.7	Household Goods	No	Yes
53	SF53	1.1	Technology Hardware	No	Yes
54	SF54	4.2	Travel & Leisure	No	Yes
55	SF55	13	Food & Drug Retailers	No	Yes
56	SF56	33.6	General Retailer	No	Yes
57	SF57	0.48	Food Producers	No	Yes
58	SF58	0.45	Support Services	No	Yes

59	SF59	203	Personal Goods	No	Yes
60	SF60	0.6	Software & Computer Services	No	Yes
61	SF61	4.6	Construction & Materials	No	Yes
62	SF62	24.3	General Retailer	No	Yes
63	SF63	4.3	Food Producers	No	Yes
64	SF64	34.8	Food Producers	No	Yes
65	SF65	3.5	Travel & Leisure	No	Yes
66	SF66	4.4	Chemicals	No	Yes
67	SF67	2.9	Industrial Engineering	No	Yes
68	SF68	0.33	General Industrials	No	Yes
69	SF69	0.7	Transportation	No	Yes
70	SF70	7.6	Media	No	Yes
	Total Sample	1 938			
	JSE Capitalisation	5 593			
	Sample % of JSE Capitalisation	35%			

APPENDIX 4: QUESTIONNAIRE – ENTREPRENEURIAL CONFLUENCE MEASURING INSTRUMENT (ECMI)

Personal Questionnaire for the Founder/CEO/Chairman

Dear Participant

- Your company has been selected as part of a cross-sectorial sample of 30 leading and growing organisations that are listed on the Johannesburg Stock Exchange.
- This interview questionnaire is aimed at exploring the entrepreneurial strategy behaviour and practices in the organisation that you have founded and/or currently lead, as you view them.
- The questions that you will be asked to answer concern you as a member of the founding and/or executive team of the business. It is not a test, but merely an information-collection exercise. There are no correct or incorrect answers.
- The information will be processed by a computer and has been suitably coded.
- Your answers are confidential and no one else has access to them. None of the questions are aimed at identifying you as a person.
- There is, however, scope for post-study feedback to both yourself and your team should you so wish.
- Please answer the questions honestly and not according to how you think others would expect you to answer!
- Please answer **all** questions to the best of your ability
- Your participation in this survey is of utmost importance to this study.
- For queries regarding this questionnaire, please contact the researcher Mr Alvin Chikamba at 078 596 4795 and/or email at alvin_chikamba@hotmail.com.

SECTION A: DEMOGRAPHICS

The questions in this section are for statistical purposes. They will be used to compare groups of respondents in terms of their answers.

1. Your Gender

Male	1
Female	2

2. Your Age

Younger than 30 years	1
31 to 40 years	2
41 to 50 years	3
51 to 60 years	4
Older than 60 years	5

3. Your Race

White	1
Black	2
Indian	3
Coloured	4
Other	5

4. Your Highest Qualification

Lower than Matric	1
Matric	2
Post-Matric Diploma	3
Undergraduate Degree	4
Postgraduate Degree	5
Other Professional	6

5. Professional Background

Finance	1
Marketing	2
Production & Operations	3
Human Resources	4
Technology	5
Engineering	6
Management Studies	7
Technical	8
Administration	9
Other	10

6. Age of Company

Less than 5 years	1
5 to 10 years	2
10 to 15 years	3
More than 15 years	4

7. In what Industry is Your Company?

Mining	1
Construction	2
Transportation	3
Support Services	4
Food & Beverage	5
Household & Personal Goods	6
Healthcare & Pharmaceuticals	7
Retailers	8
Media	9
Travel & Leisure	10
Telecommunications	11
Banks & Financial Services	12
Insurance	13
Technology	14
Other	15

8. Your Time in Current Position in the Company

Less than 5 years	1
5 to 10 years	2
10 to 15 years	3
More than 15 years	4

9. Your Length of Service in the Company

Less than 5 years	1
5 to 10 years	2
10 to 15 years	3
More than 15 years	4

SECTION B: CONCEPTUAL UNDERSTANDING

Read each statement carefully. In completing the following, please first decide how you feel about the statement, by choosing a number from 1 to 6 according to the scale below, filling in the box on the right and then substantiating your answer by referring to the relevant experience from your organisation:

1	2	3	4	5	6
Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree

This represents how you apply yourself and your experience within and out of it. Remember it is about what and how you think and act and not how others judge you or how it should apply.

1. Entrepreneurs are individuals, who take the risk of creating something new and different, and profit through such innovation.

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2. Innovative entrepreneurs can create significant growth and value for stakeholders.

.....

3. Entrepreneurship aims at leadership and dominance in existing and new markets or industries.

.....

4. Entrepreneurship is mainly a small business or new venture phenomenon, as it is a well-known fact that 'big businesses do not innovate'.

.....

5. There is a major difference between the growth and performance of entrepreneurial and innovative companies and other types of companies. ☐
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-
-
6. Entrepreneurial activity is a natural and integral part of the strategic behaviour and growth process in large established firms. ☐
-
-
-
7. Strategic management of entrepreneurial activities constitutes a real challenge for corporate management. ☐
-
-
-
8. The entrepreneur does not necessarily have to be a single person; the entrepreneurial function can be filled cooperatively by a team, department, division or whole organisation. ☐
-
-
-
9. Business performance depends on the strategies and competitive tactics of entrepreneurial leaders and their teams in both domestic and international markets. ☐
-
-
-
10. Globalisation is both an opportunity and a threat. Faced with global competition, entrepreneurship and innovation are the key to sustainable advantage and value creation. ☐
-
-
-

11. Entrepreneurship is an important growth strategy for the competitiveness of organisations as they face the dynamics of ever-shifting competitive landscapes, and fast-paced change. ☐

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12. Entrepreneurial strategy involves both the creation of organisations, as well as their growth through new economic activity. ☐

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13. An organisation's actions are what make it entrepreneurial. Entrepreneurial behaviour enhances a firm's competitive position and performance. ☐

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.....
.....

14. The more challenging the firm's environments, the greater the need to be entrepreneurial. ☐

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.....
.....

15. The spirit of entrepreneurship and practice of innovation promotes a company's growth and can constrain its growth if it is not cultivated and managed. ☐

.....
.....
.....

16. A business requires entrepreneurial skills over the whole of its existence, and not just when starting out. ☐

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17. Management should be entrepreneurial and responsible for directing vision and resources towards greater results and earnings contributions.

☐

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18. Management should have a broad, clearly-communicated vision with a mandate to capture growth opportunities as demanded by capital markets.

☐

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19. Companies should have clearly-defined organisational values associated with entrepreneurship and innovation.

☐

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20. Continuous innovation and the ability to compete proactively in global markets are the key skills that will determine corporate performance in the current and future business environment.

☐

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.....

SECTION C: IDENTIFICATION OF OPPORTUNITIES

Read each statement carefully, and decide how you feel about the statement, by choosing a number from 1 to 6 according to the scale below and filling in your answer in the box on the right:

1	2	3	4	5	6
Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree

1. Your enterprise shapes and leads its market rather than responding to trends or the actions of other players (FO)
2. Your leadership team upholds the vision and engages everyone in identifying and pursuing opportunities towards that vision (FO)
3. Your business distinguishes itself as a strategy-focused firm with a unique view of the future (FO)
4. Executives in your business regularly identify opportunities, highlight risk and choose strategic direction through the use of powerful analytical, forecasting and scenario-planning tools (FO)
5. The future is more important to you than the past!
Hence, you always explore the horizon for customers, products, markets and industries that do not exist today in order to exploit them (FO)
6. Your organisation continuously recognises and pursues new opportunities in the external environment, to deliver new and innovative products and services to customers (OS)
7. Your company regularly explores new sources for internal value creation within the organisation by shifting resources out of less promising businesses and into more attractive opportunities(OS)
8. Downturns arising from the global recession are an inevitable part of the economic cycle and provide you with opportunities to outmanoeuvre competitors (OS)
9. Your firm creatively discovers and exploits global business opportunities as a matter of routine (OS)

- | | |
|--|----------------------|
| 10. Strategy-making in your business is dominated by the active search for, and maintenance of, a robust pipeline of new growth options (OS) | <input type="text"/> |
| 11. Your firm is well known for, and prides itself on, being a risk-taker (RT) | <input type="text"/> |
| 12. Your team regularly takes the risk of beginning and maintaining new independent ventures (RT) | <input type="text"/> |
| 13. Your company encourages healthy internal competition amongst its business units (RT) | <input type="text"/> |
| 14. Your team quickly spots emerging business opportunities and commits resources to exploit them more readily than rivals do (RT) | <input type="text"/> |
| 15. Business leaders in your firm believe that high risk is matched by high return (RT) | <input type="text"/> |
| 16. The intellectual capabilities of your people and the knowledge and the ideas flowing from them are an important source of competitive advantage (EK) | <input type="text"/> |
| 17. Your organisation's employees have an in-depth knowledge of their environment and scan it constantly for new market information (EK) | <input type="text"/> |
| 18. All your managers observe and report on market trends and identify both competitive and collaborative opportunities (EK) | <input type="text"/> |
| 19. Employees are generally emboldened and resourceful in promptly solving everyday challenges (EK) | <input type="text"/> |
| 20. The organisation embraces, encourages and exploits a diversity of experiences, values and capabilities in order to generate a rich variety of ideas and strategic options (EK) | <input type="text"/> |

SECTION D: CREATING AND ADAPTING TO CHANGE

Read each statement carefully, and decide how you feel about the statement, by choosing a number from 1 to 6 according to the scale below and filling in your answer in the box on the right:

1	2	3	4	5	6
Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree

- | | |
|---|----------------------|
| 21. The company is constantly adapting its business models by partnering extensively and becoming more collaborative (GC) | <input type="text"/> |
| 22. Your firm constantly disrupts the basis of competition, thus reinventing its industry (GC) | <input type="text"/> |
| 23. You see change as normal; always searching for change, both responding to and exploiting it as an opportunity to get ahead of rivals (GC) | <input type="text"/> |
| 24. The business team creates or anticipates change in the market rather than reacting to or ignoring it (GC) | <input type="text"/> |
| 25. Your firm is an agent of industry change, leading customers instead of following them, creating new markets and changing the rules of the game (GC) | <input type="text"/> |
| 26. Change is created constantly and at many levels in your organisation as you believe that “only the paranoid survive” (IT) | <input type="text"/> |
| 27. Your business leaders anticipate each lifecycle stage and ensure that the organisation evolves to meet both shifting market conditions and internal developments and requirements before a crisis develops (IT) | <input type="text"/> |
| 28. The organisation to which you belong has a well-defined succession plan that smoothes transitions at all levels (IT) | <input type="text"/> |
| 29. Top management consists of an appropriate mixture of “home-grown” executives and those from outside the same organisation or even industry (IT) | <input type="text"/> |
| 30. The CEO leads the change agenda of the organisation and drives it from the top to reinforce the vision, mission and values (IT) | <input type="text"/> |

31. The company competes effectively in its existing business while simultaneously experimenting with new business models and ideas (A)
32. Executives can deal not only with today's challenges, but also prepare the enterprise for future changes and the shifting dynamics of industries (A)
33. Your company has succeeded in staying at the top of its industries even when technologies or markets change (A)
34. Your organisation changes its strategy, structure or some other core attribute to fit new environmental conditions (A)
35. Your firm is run on a continually-evolving business model or plan (A)
36. Your organisation is actively adopting and applying global business designs, and reconfiguring itself accordingly (L)
37. Your business can access the best capabilities, skills and assets from wherever reside in the world and apply them within the firm (L)
38. A commitment to learning enables your organisation to respond to changes in its environment, as well as develop new organisational competencies and capabilities (L)
39. You have policies and principles in place in the business that stimulate employee creativity and empowerment (L)
40. Your firm is relatively tolerant of failure, as failure is seen as part of the learning process (L)

SECTION E: GETTING THINGS DONE

Read each statement carefully, and decide how you feel about the statement, by choosing a number from 1 to 6 according to the scale below and filling in your answer in the box on the right:

1	2	3	4	5	6
Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree

41. The organisation regularly uses both mergers, acquisitions and alliance strategies to enable quicker access to new technologies, products and markets (S)
42. Primary ownership and responsibility for the creation of new business activity and its funding is diffused across the organisation (S)
43. The existence of clear divisions of responsibility and lines of accountability promote the effectiveness of your organisation (S)
44. Your organisational strategy is underpinned by a complementary structure which is flat, decentralised, fluid, project-based and externally-networked (S)
45. The firm has a Board level strategy committee, which has responsibility for growth and the special budget category of strategic investments or expenditures (STRATEX) that supports this (S)
46. Your firm's performance is characterised by breakthrough results that are better than your peer group (RMM)
47. The organisation's culture values a hands-on management style that is driven by a sense of urgency (RMM)
48. Your company carries out its key business processes in line with international best practice (RMM)
49. Your leaders believe in "getting the right people on the bus, the wrong people off it and putting the right people in the right place"! (RMM)
50. You use internal and external benchmarks to ensure that the performance of each person and unit is transparent and visible within your meritocratic firm as "what gets measured gets done" (RMM)

- | | |
|---|----------------------|
| 51. Your company has built up a related but diversified stable of activities and businesses (RM) | <input type="text"/> |
| 52. The individuals in your company can correctly interpret risks and determine the policies and actions which will minimise it (RM) | <input type="text"/> |
| 53. Your firm encourages managers to have a long-term view on the creation of value, as opposed to pursuing only short-term gains (RM) | <input type="text"/> |
| 54. A good corporate governance and internal control framework is seen as critical for the sustainability of your organisation (RM) | <input type="text"/> |
| 55. Your Board of Directors actively supports the executive team in its pursuit of entrepreneurial activities (RM) | <input type="text"/> |
| 56. Your business is run by creative and innovative owner-managers with high and quick decision-making autonomy (A) | <input type="text"/> |
| 57. In your firm, the processes of strategy formulation and implementation are intertwined and equally important (A) | <input type="text"/> |
| 58. Your firm combines top-directed strategic choice with middle management-stimulated initiative and action (A) | <input type="text"/> |
| 59. Top management is appropriately incentivised to make decisions that take advantage of new environmental conditions and deliver value to shareholders (A) | <input type="text"/> |
| 60. In your business, executives align and focus the organisation behind the right strategic goals and make sure that resources are allocated adequately and effectively to pursue growth (A) | <input type="text"/> |

APPENDIX 5: RATING QUESTIONNAIRE PILOT TEST 1

Rating Questionnaire for Instrument Pilot Testing

Dear Participant

- You have been selected as part of a group of subject matter experts to facilitate the pilot testing of this newly-developed survey instrument
- The questions that you will be asked to answer concern you as a member of the pilot testing team for the survey instrument
- Note that this is a draft which may undergo refinement before finalisation
- It is not a test, but merely an information-collection exercise to give me the opportunity to:
 - Observe the time it takes to complete the questionnaire
 - Identify any problems respondents may have with the item wording and format
 - Assess the influence of environmental conditions
 - Note differences due to rater background
 - Make the instrument more interesting and user friendly.
- There are no correct or incorrect answers
- Please answer **all** questions honestly and to the best of your ability
- Kindly keep this document highly confidential
- Your participation in this survey rating exercise is of utmost importance to the validity and reliability of this study
- For queries regarding this questionnaire, please contact the researcher Mr. Alvin Chikamba at 073326 0437 and/or email at alvin_chikamba@hotmail.com.

	RATING QUESTIONS
1	Was each set of questions clear i.e. general directions at the beginning of the questionnaire and subsequent directions provided in the body of the instrument? Most of the questions were clear. However, clarity is required in Question 8 (Section E), Question 15 (Section E) and Question 17 (Section C) of Appendix 3. The respondents need guidance on how they should answer - should they tick each statement or should they treat the statement as one?
2	Were there any spelling or grammatical problems? Yes, there were. Please refer to the questionnaire – I have marked them with a blue highlighter.
3	Were any items difficult to read due to: <ul style="list-style-type: none"> • Sentence length • Choice of words • Special terminology or jargon • Other? Yes, there were. Please refer to the questionnaire – I have marked them with a blue highlighter.
4	Did you experience any problems with the item formats, or do you have suggestions for alternative formats? No
5	Were the response alternatives appropriate to each item? Would you add or subtract any response alternative? Not always. Please refer to Section B Question 8.
6	Do you think that this questionnaire is susceptible to bias of any sort? No
7	What problems did you encounter as a result of the organisation of the instrument, such as how items flowed? No problems encountered.
8	On average, how long did it take to complete? 45 minutes
9	Do you have any concern about the length of the instrument, or did you experience fatigue due to the time it took to complete? The length is perfect. No fatigue was experienced, as the questionnaire is split into sections.

10	What suggestions do you have for making the questionnaire or individual items easier to understand and complete? Please refer to the blue highlights. The use of numbers 1 – 6 instead of D, SD, A, SIA etc. is easier to understand.
11	What would you like to change about the questionnaire? The above.
12	Do you have any concerns about confidentiality or how the questionnaire will be used? No
13	Do you have any other concerns? Yes, with respect to asking the respondent their race, as some respondents may be sensitive. You could skip that question and circle the appropriate race.
14	What was your overall reaction to the questionnaire? The statements are direct, which is good.
15	How would you rate this questionnaire? <ul style="list-style-type: none"> • Not good • Good • Very Good • Excellent

APPENDIX 6: KOLMOGOROV-SMIRNOV TEST SUMMARY FROM SPSS

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
1. Entrepreneurs are individuals who take the risk of creating something new and different, and profit through such innovation	0.289	41	0	0.666	41	0
2. Innovative entrepreneurs can create significant growth and value for stakeholders	0.337	41	0	0.693	41	0
3. Entrepreneurship aims at leadership and dominance in existing and new markets or industries	0.249	41	0	0.857	41	0
4. Entrepreneurship is mainly a small business or new venture phenomenon, as it is a well-known fact that 'big businesses do not innovate'	0.251	41	0	0.874	41	0
5. There is a major difference between the growth and performance of entrepreneurial and innovative companies and other types of companies	0.23	41	0	0.842	41	0
6. Entrepreneurial activity is a natural and integral part of the strategic behaviour and growth process in large established firms	0.206	41	0	0.871	41	0
7. Strategic management of entrepreneurial activities constitutes a real challenge for corporate management	0.301	41	0	0.828	41	0
8. The entrepreneur does not necessarily have to be a single person; the entrepreneurial function can be filled cooperatively by a team, department, division or whole organisation	0.344	41	0	0.773	41	0
9. Business performance depends on the strategies and competitive tactics of entrepreneurial leaders and their teams in both domestic and international markets	0.24	41	0	0.866	41	0
10. Globalisation is both an opportunity and a threat. Faced with global competition, entrepreneurship and innovation are key to sustainable advantage and value creation	0.252	41	0	0.789	41	0
11. Entrepreneurship is an important growth strategy for the competitiveness of organisations as they face the dynamics of ever-shifting competitive landscapes, and fast-paced change	0.283	41	0	0.793	41	0
12. Entrepreneurial strategy involves both the creation of organisations, as well as their growth through new economic activity	0.344	41	0	0.767	41	0
13. Entrepreneurial behaviour enhances a firm's competitive position and performance	0.251	41	0	0.804	41	0
14. The more challenging the firm's environments, the greater the need to be entrepreneurial	0.199	41	0	0.853	41	0
15. Entrepreneurship and innovation promote a company's growth and can constrain its growth if not cultivated and managed	0.341	41	0	0.768	41	0
16. A business requires entrepreneurial skills over the whole of its existence, and not just when starting out	0.28	41	0	0.751	41	0
17. Leadership teams should be entrepreneurial in approach and responsible for directing resources towards greater performance	0.309	41	0	0.773	41	0
18. Management should have a broad, clearly-communicated vision with a mandate to capture growth opportunities as demanded by capital markets	0.236	41	0	0.843	41	0
19. Companies should have clearly defined organisational values associated with entrepreneurship and innovation	0.232	41	0	0.833	41	0

20. Continuous innovation and the ability to compete proactively in global markets are the key skills that will determine corporate performance in the current and future business environment	0.271	41	0	0.782	41	0
21. Your enterprise shapes and leads its market rather than responding to trends or the actions of other players (FO)	0.213	41	0	0.864	41	0
22. Your leadership team upholds the vision and engages everyone in identifying and pursuing opportunities towards that vision (FO)	0.282	41	0	0.818	41	0
23. Your business distinguishes itself as a strategy-focused firm with a unique view of the future (FO)	0.213	41	0	0.861	41	0
24. Executives in your business regularly identify opportunities, highlight risk and choose strategic direction through the use of powerful analytical, forecasting and scenario-planning tools (FO)	0.195	41	0	0.889	41	0
25. The future is more important to you than the past! Hence, you always explore the horizon for customers, products, markets and industries that do not exist today to exploit them (FO)	0.259	41	0	0.829	41	0
26. Your organisation continuously recognises and pursues new opportunities in the external environment, to deliver new and innovative products and services to customers (OS)	0.22	41	0	0.81	41	0
27. Your company regularly explores new sources for internal value creation within the organisation by shifting resources out of less promising businesses and into more attractive opportunities (OS)	0.227	41	0	0.885	41	0
28. Downturns arising from the global recession are an inevitable part of the economic cycle and provide you with opportunities to outmanoeuvre competitors (OS)	0.253	41	0	0.809	41	0
29. Your firm creatively discovers and exploits global business opportunities as a matter of routine (OS)	0.191	41	0	0.92	41	0.01
30. Strategy-making in your business is dominated by the active search for, and maintenance of, a robust pipeline of new growth options (OS)	0.233	41	0	0.846	41	0
31. Your firm prides itself on being a risk-taker (RT)	0.187	41	0	0.91	41	0
32. Your team regularly takes the risk of beginning and maintaining new independent ventures (RT)	0.225	41	0	0.898	41	0
33. Your company encourages healthy internal competition amongst its business units (RT)	0.299	41	0	0.851	41	0
34. Your team quickly spots emerging business opportunities and commits resources to exploit them more readily than rivals do (RT)	0.246	41	0	0.894	41	0
35. Business leaders in your firm believe that high risk is matched by high return (RT)	0.223	41	0	0.907	41	0
36. The intellectual capabilities of your people and the knowledge and the ideas flowing from them are an important source of competitive advantage (EK)	0.305	41	0	0.764	41	0
37. Your organisation's employees have an in-depth knowledge of their environment and scan it constantly for new market information (EK)	0.269	41	0	0.827	41	0
38. Most of your managers observe and report on market trends and identify both competitive and collaborative opportunities (EK)	0.297	41	0	0.844	41	0
39. Employees are generally emboldened and resourceful in promptly solving everyday challenges (EK)	0.217	41	0	0.873	41	0
40. The organisation embraces, encourages and exploits a diversity of experiences, values and capabilities to generate a rich variety of ideas and strategic options (EK)	0.247	41	0	0.868	41	0
41. The company is constantly adapting its business models by	0.168	41	0.01	0.91	41	0

partnering extensively and becoming more collaborative (GC)						
42. Your firm constantly disrupts the basis of competition, thus re-inventing its industry (GC)	0.193	41	0	0.902	41	0
43. You see change as normal; always searching for change, both responding to and exploiting it as an opportunity to get ahead of rivals (GC)	0.245	41	0	0.845	41	0
44. The business team creates or anticipates change in the market rather than reacting to or ignoring it (GC)	0.263	41	0	0.846	41	0
45. Your firm is an agent of industry change, leading customers instead of following them, creating new markets and changing the rules of the game (GC)	0.254	41	0	0.868	41	0
46. Change is created constantly and at many levels in your organisation as you believe that “only the paranoid survive” (IT)	0.187	41	0	0.923	41	0.01
47. Your business leaders anticipate each lifecycle stage and ensure that the organisation evolves to meet both shifting market conditions, internal developments and requirements before a crisis develops (IT)	0.229	41	0	0.876	41	0
48. The organisation to which you belong has a well-defined succession plan that smoothes transitions at all levels (IT)	0.223	41	0	0.865	41	0
49. Top management consists of an appropriate mixture of “home-grown” executives and those from outside the same organisation or even industry (IT)	0.273	41	0	0.833	41	0
50. The CEO leads the change agenda of the organisation and drives it from the top to reinforce the vision, mission and values (IT)	0.274	41	0	0.758	41	0
51. The company competes effectively in its existing business, while simultaneously experimenting with new business models and ideas (A)	0.286	41	0	0.844	41	0
52. Executives can deal not only with today’s challenges, but also prepare the enterprise for future changes and the shifting dynamics of industries (A)	0.269	41	0	0.841	41	0
53. Your company has succeeded in staying at the top of its industries, even when technologies or markets change (A)	0.234	41	0	0.81	41	0
54. Your organisation changes its strategy, structure, or some other core attribute to fit new environmental conditions (A)	0.193	41	0	0.865	41	0
55. Your firm is run on a continually-evolving business model or plan (A)	0.244	41	0	0.843	41	0
56. Your organisation is actively adopting and applying global business designs, and reconfiguring itself accordingly (L)	0.256	41	0	0.88	41	0
57. Your business can access the best capabilities, skills and assets from wherever they reside in the world and apply them within the firm (L)	0.208	41	0	0.893	41	0
58. A commitment to learning enables your organisation to respond to changes in its environment, as well as to develop new organisational competencies and capabilities (L)	0.344	41	0	0.776	41	0
59. You have policies and principles in place in the business that stimulate employee creativity and empowerment (L)	0.225	41	0	0.865	41	0
60. Your firm is relatively tolerant of failure, as failure is part of the learning process (L)	0.228	41	0	0.898	41	0
61. The organisation regularly uses both mergers, acquisitions and alliance strategies to enable quicker access to new technologies, products and markets (S)	0.234	41	0	0.864	41	0
62. Primary ownership and responsibility for the creation of new business activity and its funding is diffused across the organisation (S)	0.198	41	0	0.896	41	0
63. The existence of clear divisions of responsibility and lines of	0.254	41	0	0.846	41	0

accountability promote the effectiveness of your organisation (S)						
64. Your organisational strategy is underpinned by a complementary structure which is flat, decentralised and externally-networked (S)	0.243	41	0	0.862	41	0
65. The firm has a Board level strategy committee, which has responsibility for growth and the special budget category of strategic investments or expenditures (STRATEX) that supports this (S)	0.172	41	0	0.906	41	0
66. Your firm's performance is characterised by breakthrough results that are better than your peer group (RMM)	0.196	41	0	0.859	41	0
67. The organisation's culture values a hands-on management style that is driven by a sense of urgency (RMM)	0.28	41	0	0.801	41	0
68. Your company carries out its key business processes in line with international best practice (RMM)	0.272	41	0	0.776	41	0
69. Your leaders believe in "getting the right people on the bus, the wrong people off it and putting the right people in the right place"! (RMM)	0.202	41	0	0.81	41	0
70. You use internal and external benchmarks to ensure that the performance of each person and unit is transparent and visible within your meritocratic firm, as "what gets measured gets done" (RMM)	0.211	41	0	0.884	41	0
71. Your company has built up a related but diversified stable of activities and businesses (RM)	0.221	41	0	0.856	41	0
72. The individuals in your company can correctly interpret risks and determine the policies and actions which will minimise it (RM)	0.274	41	0	0.842	41	0
73. Your firm encourages managers to have a long-term view in the creation of value, as opposed to pursuing only short-term gains (RM)	0.262	41	0	0.77	41	0
74. A good corporate governance and internal control framework is critical for the sustainability of your organisation (RM)	0.305	41	0	0.672	41	0
75. Your Board of Directors actively supports the executive team in its pursuit of entrepreneurial activities (RM)	0.269	41	0	0.713	41	0
76. Your business is run by creative and innovative owner-managers with high and quick decision-making autonomy (A)	0.218	41	0	0.831	41	0
77. In your firm, the processes of strategy formulation and implementation are intertwined and equally important (A)	0.246	41	0	0.831	41	0
78. Your firm combines top-directed strategic choice with middle management-stimulated initiative and action (A)	0.244	41	0	0.859	41	0
79. Top management is appropriately incentivised to make decisions that take advantage of new environmental conditions and deliver value to shareholders (A)	0.242	41	0	0.818	41	0
80. In your business, executives align and focus the organisation behind the right strategic goals and make sure that resources are allocated adequately and effectively to pursue growth (A)	0.251	41	0	0.807	41	0
a. Lilliefors Significance Correction						

APPENDIX 7: FINAL UNITS OF ANALYSIS AND OBSERVATION

	UNIT OF ANALYSIS	UNIT OF OBSERVATION	METHOD OF OBSERVATION
1	SF50	CEO	Remote Completion
2	R1	CEO	Face-to-Face Meeting
3	SF10	CEO	Face-to-Face Meeting
4	A1 (Botswana)	CEO	Face-to-Face Meeting
5	SF42	Director	Remote Completion
6	R2	CEO	Face-to-Face Meeting
7	SF24	CEO	Face-to-Face Meeting
8	SF49	CEO	Face-to-Face Meeting
9	SF65	CEO	Remote Completion
10	SF39	CEO	Remote Completion
11	SF1	CEO	Face-to-Face Meeting
12	A2 (Nigeria)	CEO	Face-to-Face Meeting
13	A3 (Kenya)	CEO	Face-to-Face Meeting
14	R3	CEO	Face-to-Face Meeting
15	SF21A	CEO	Face-to-Face Meeting
16	SF15	CEO	Remote Completion
17	SF12	Director	Face-to-Face Meeting
18	SF35	CEO	Face-to-Face Meeting
19	R4	CEO	Face-to-Face Meeting
20	R5	CEO	Face-to-Face Meeting
21	SF3	CEO	Face-to-Face Meeting
22	SF8	CEO	Remote Completion

23	SF36	Director	Face-to-Face Meeting
24	SF13	Director	Remote Completion
25	SF21	CEO	Face-to-Face Meeting
26	SF31	CEO	Face-to-Face Meeting
27	R6	CEO	Face-to-Face Meeting
28	R7	CEO	Face-to-Face Meeting
29	SF11	Director	Face-to-Face Meeting
30	SF17	CEO	Face-to-Face Meeting
31	R8	CEO	Remote Completion
32	SF18	Director	Remote Completion
33	SF47	Director	Remote Completion
34	R9	Director	Face-to-Face Meeting
35	SF25	CEO	Face-to-Face Meeting
36	SF30	Director	Face-to-Face Meeting
37	SF51	Director	Face-to-Face Meeting
38	A4 (Zimbabwe)	CEO	Face-to-Face Meeting
39	R10	CEO	Face-to-Face Meeting
40	R11	CEO	Remote Completion
41	SF62	Director	Face-to-Face Meeting

APPENDIX 8: REPLACEMENT SAMPLE LIST

	Company	Market Capitalisation US\$/RBillions	Sector	EY Finalist (1)	FM Top 200 (2)
	REST OF AFRICA				
1	A1 (Botswana)		Financial Services	N/A	N/A
2	A2 (Kenya)		Financial Services	Winner – World Entrepreneur of the Year 2012	N/A
3	A3 (Zimbabwe)		Investment Holding Company	N/A	N/A
4	A4 (Nigeria)		Financial Services	N/A	N/A
	SOUTH AFRICA				
6	R1	7.7	Mining	N/A	Yes
7	R2	Private	Consumer Goods	Winner – Lifetime Achievement Award	N/A
8	R3	45	Mining	Winner 2012	Yes
9	R4	5.5	Mining	No	Yes
10	R5	113	Financial Services	No	Yes
11	R6	Private	Information Technology	No	N/A
12	R7	Private	Investment Holding Company	No	N/A
13	R8	47	Investment Holding Company	No	Yes
14	R9	Private	Investment Holding Company	No	N/A
15	R10	7.9	Financial Services	No	Yes
16	R11	Private	Investment Holding Company	No	N/A

APPENDIX 9: EXPLORATORY FACTOR ANALYSIS

	INITIAL EIGEN VALUES	% OF VARIANCE	CUMULATIVE % OF VARIANCE
	CONCEPTUAL UNDERSTANDING		
1	5.385	26.9	26.9
2	2.695	13.5	40.4
3	1.757	8.8	49.2
4	1.611	8.1	57.2
5	1.299	6.5	63.7
6	1.151	5.8	69.5
7	0.932	0.9	74.2
8	0.91	0.9	78.7
9	0.755	0.8	82.5
	FUTURE ORIENTATION		
10	2.782	55.6	55.6
11	0.984	19.7	75.3
12	0.556	11.1	86.4
	OPPORTUNITY-SEEKING		
13	2.566	51.3	51.3
14	0.941	18.8	70.1
15	0.629	12.6	82.7
	RISK-TAKING		
16	2.863	57.3	57.3

17	0.676	13.5	70.8
18	0.602	12.0	82.8
	ENVIRONMENTAL KNOWLEDGE		
19	2.637	52.7	52.7
20	0.922	18.4	71.2
21	0.746	14.9	86.1
	GAME-CHANGING		
22	2.571	51.4	51.4
23	0.977	19.5	70.9
24	0.782	15.6	86.6
	INTERNAL TRANSFORMATION		
25	2.249	45.0	45.0
26	1.228	24.6	69.6
27	0.788	15.8	85.4
	ADAPTATION & FLEXIBILITY		
28	2.538	50.8	50.8
29	0.789	15.8	66.6
30	0.66	13.2	79.8
31	0.616	12.3	92.1
	LEARNING		
33	1.983	39.7	39.7

33	1.159	23.2	62.9
34	0.834	16.7	79.6
35	0.751	15.0	94.6
	STRUCTURE		
36	2.552	51.0	51.0
37	0.906	18.1	69.1
38	0.701	14.0	83.1
	RESOURCE MOBILISATION & MANAGEMENT		
39	2.892	57.8	57.8
40	0.806	16.1	73.9
41	0.629	12.6	86.5
	RISK MANAGEMENT		
42	2.2	44.0	44.0
43	1.08	21.6	65.6
44	0.753	15.1	80.7
	ALIGNMENT		
45	2.566	51.3	51.3
46	0.92	18.4	69.7
47	0.788	15.8	85.5

